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LEGISLATIVE HISTORY

Public Law 94--72th Congress

Chapter 150--1st Session

S. 972

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DIGEST OF PUBLIC LAW 94

WORKING FUNDS IN CONNECTION WITH CONTRACTS BETWEEN GOVERNMENT AGENCIES. Provides that orders placed by one Government agency with another shall be construed as obligations upon appropriations in the same manner as orders or contracts placed with private contractors, and that advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation was made and thereafter until the appropriation lapses under the law to the Treasury's surplus fund.

Summary and Index of History on S. 972.

April 7, 1943	Introduced by Mr. Walsh. Referred to the Senate Committee on Naval Affairs. Print of the bill as introduced.
May 5, 1943	Hearings: Senate, S. 972.
May 13, 1943	Senate Committee reported without amendment. S. Rept. 231. Print of bill as reported.
May 20, 1943	Passed Senate without amendment. P. 4662 Congressional Record. Vol. 89, Pt. 4.
May 21, 1943	Referred to House Committee on Expenditures in the Executive Departments. Print of bill as referred to Committee.
June 7, 1943	House Committee reported without amendment. H. Rept. 528. Print of bill as reported.
June 21, 1943	Passed House without amendment.
June 26, 1943	Approved. Public Law 94.

78TH CONGRESS
1ST SESSION

S. 972

IN THE SENATE OF THE UNITED STATES

APRIL 7 (legislative day, APRIL 6), 1943

MR. WALSH introduced the following bill; which was read twice and referred to the Committee on Naval Affairs

A BILL

To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417).

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 7 (c) of the Act entitled "An Act making
4 appropriations for fortifications and other works of defense,
5 for the armament thereof, and for the procurement of heavy
6 ordnance for trial and service, for the fiscal year ending June
7 30, 1921, and for other purposes", approved May 21, 1920
8 (41 Stat. 613), as amended by section 601 of the Act of
9 June 30, 1932 (47 Stat. 417; 31 U. S. C. 686), is hereby
10 amended to read as follows:

1 “(c) Orders placed as provided in subsection (a) shall
2 be considered as obligations upon appropriations in the same
3 manner as orders or contracts placed with private contractors.
4 Advance payments credited to special working funds shall
5 remain available to the procuring agency for entering into
6 contracts and other uses during the fiscal year or years for
7 which the appropriation involved was made and thereafter
8 until said appropriation lapses under the law to the surplus
9 fund of the Treasury.”

10 SEC. 2. Section 8 of the Act approved June 22, 1936
11 (49 Stat. 1648), is hereby repealed.

A BILL

To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417).

By Mr. WALSH

APRIL 7 (legislative day, APRIL 6), 1943

Read twice and referred to the Committee on Naval Affairs

MISCELLANEOUS BILLS

HEARING BEFORE THE COMMITTEE ON NAVAL AFFAIRS UNITED STATES SENATE SEVENTY-EIGHTH CONGRESS FIRST SESSION

ON

S. 972

A BILL TO AMEND SECTION 7 (C) OF THE ACT OF MAY 21, 1920 (41 STAT. 613), AS AMENDED BY SECTION 601 OF THE ACT OF JUNE 30, 1932 (47 STAT. 417)

S. 973

A BILL TO AMEND SECTIONS 2 AND 4 OF THE ACT APPROVED JUNE 27, 1942, ENTITLED "AN ACT TO AUTHORIZE THE APPOINTMENT OF COMMISSIONED WARRANT AND WARRANT OFFICERS TO COMMISSIONED RANK IN THE LINE AND STAFF CORPS OF THE NAVY, MARINE CORPS, AND COAST GUARD, AND FOR OTHER PURPOSES"

S. 994

A BILL TO AUTHORIZE THE APPOINTMENT AS ENSIGNS IN THE COAST GUARD OF ALL GRADUATES OF THE COAST GUARD ACADEMY IN 1945 AND THEREAFTER, AND FOR OTHER PURPOSES

S. 995

A BILL TO PROVIDE A PENALTY FOR VIOLATION OF REGULATIONS OR ORDERS WITH RESPECT TO PERSONS ENTERING, REMAINING IN, LEAVING, OR COMMITTING CERTAIN ACTS WITHIN OR UPON VESSELS, HARBORS, PORTS, AND WATER-FRONT FACILITIES

S. 996

A BILL TO LIMIT THE PROVISIONS OF CERTAIN LAWS RELATING TO THE PAY, AND PROMOTION ON THE RETIRED LISTS OF THE NAVY, THE MARINE CORPS, THE COAST GUARD, OR THE COAST AND GEODETIC SURVEY, OF COMMENDED OFFICERS

S. 1064

A BILL TO PROVIDE FOR THE REORGANIZATION OF THE MARINE CORPS, AND FOR OTHER PURPOSES

S. 1065

A BILL TO ABOLISH CERTAIN NAVAL TRUST FUNDS AND DEPOSITS THERETO, AND TO SIMPLIFY NAVAL ACCOUNTING PROCEDURE, AND FOR OTHER PURPOSES

S. 1067

A BILL TO AMEND THE FIRST PARAGRAPH OF SECTION 10 OF THE PAY READJUSTMENT ACT OF 1942 TO PROVIDE FOR ALLOWANCES TO MIDSHIPMEN OF THE NAVAL RESERVE FOR QUARTERS AND SUBSISTENCE WHEN NOT FURNISHED IN KIND

MAY 5, 1943

Printed for the use of the Committee on Naval Affairs

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MISCELLANEOUS BILLS

WEDNESDAY, MAY 5, 1943

UNITED STATES SENATE,
COMMITTEE ON NAVAL AFFAIRS,
Washington, D. C.

The committee met, pursuant to call, at 10:30 a. m., Senator David I. Walsh (chairman) presiding.

Present: Senators Walsh, Lucas, Davis, Barbour, Brewster, and Tobey.

S. 1064

The CHAIRMAN. The committee will come to order. The first bill the committee will consider is Docket No. 68, Senate bill No. 1064, to provide for the reorganization of the Marine Corps, and for other purposes.

(S. 1064 is as follows:)

[S. 1064, 78th Cong., 1st Sess.]

A BILL To provide for the reorganization of the Marine Corps, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following changes are hereby made in the organization of the Marine Corps:

(a) The Adjutant and Inspector's Department and the Office of the Adjutant and Inspector are hereby abolished.

(b) The administration and functions of the Adjutant and Inspector's Department are hereby transferred to the cognizance of a Director of Personnel, Marine Corps.

(c) The Director of Personnel, Marine Corps, shall be a line officer on active duty in the Marine Corps, detailed by the Commandant of the Marine Corps.

(d) In effectuating the transfer of administration and functions herein provided, the Commandant of the Marine Corps is authorized to make such distribution, changes, and reorganization in the functions and duties of the departments and offices of the Marine Corps as he deems necessary for the more efficient administration of the Marine Corps.

SEC. 2. The unexpended balances of appropriations, allocations, or other funds available for use in connection with the exercise of any function herein transferred to the Director of Personnel, Marine Corps, are hereby transferred to the office of such Director for use in connection with the exercise of the functions so transferred.

SEC. 3. All laws or parts of laws so far as they are inconsistent with or in conflict with the provisions of this Act are hereby repealed.

The CHAIRMAN. Lieutenant General Holcomb, will you come forward and be seated, please?

You may proceed, General, and tell us about this bill, what the purpose of the bill is and what the Marine Corps' views are with respect to it.

**STATEMENT OF LT. GEN. THOMAS HOLCOMB, ACCOMPANIED BY
COL. L. N. BROWN AND COLONEL CUMMINGS, UNITED STATES
MARINE CORPS**

General HOLCOMB. I have a prepared statement, Senator.

The purpose of this bill is to provide for the reorganization of an administrative department of the Marine Corps.

Sections (a) and (b) would abolish the present office of adjutant and inspector, and the adjutant and inspector's department, and would transfer the functions of that office to a newly created office of the director of personnel.

The functions of the adjutant and inspector's department are such as to require that the officer performing those duties be an officer of the line. To the same extent and in the same manner that the commandant details all officers to the various billets throughout the Marine Corps, section (c) of this bill authorizes him to detail a line officer on active duty as director of personnel.

Section (d) states:

In effectuating the transfer of administration and functions herein provided, the Commandant of the Marine Corps is authorized to make such distribution, changes, and reorganization in the functions and duties of the departments and offices of the Marine Corps as he deems necessary for the more efficient administration of the Marine Corps.

This section does not increase the authority now vested in the commandant.

However, by the terms of this bill, functions now under the cognizance of the adjutant and inspector are specifically transferred to the director of personnel. It is possible that this might be construed as precluding the transfer or consolidation of certain other functions on the director of personnel at a later date, or of removing at some future time certain functions which may be carried out more efficiently under other supervision. Such construction would adversely affect administration of the corps. Section (d) has been included to preclude the possibility of such restrictive construction being made with regard to administration under the terms of this bill.

The CHAIRMAN. Read that again.

General HOLCOMB. I beg pardon, sir.

The CHAIRMAN. Read the last two sentence again.

General HOLCOMB. Such construction would adversely affect administration of the corps. Section (d) has been included to preclude the possibility of such restrictive construction being made with regard to administration under the terms of this bill.

That is, if it were considered that no further changes could be made in the cognizance of this new department.

Section (2) of the proposed bill merely makes existing balances of appropriations now available to the Adjutant and Inspector's office available to the newly created Director of Personnel.

The enactment of the proposed bill will result in no additional cost to the Government. The Navy Department has recommended its enactment and it has the approval of the Bureau of the Budget.

The CHAIRMAN. Now, General, the Adjutant and Inspector's Department is presided over by an officer known as the Adjutant and Inspector?

General HOLCOMB. Yes, sir.

The CHAIRMAN. Are there any other officers in this department?

General HOLCOMB. Yes, sir; it is quite a large department.

The CHAIRMAN. Does that office correspond to the office that Admiral Jacobs holds in the Navy?

General HOLCOMB. Quite closely; the proposed department will correspond almost exactly.

The CHAIRMAN. The department known as the Adjutant and Inspector's Department is somewhat along those lines, and its functions are much the same as those of the Bureau of Personnel of the Navy?

General HOLCOMB. Very much the same.

The CHAIRMAN. You are going to do away with that office and you are going to designate a Director of Personnel?

General HOLCOMB. Yes, sir.

The CHAIRMAN. Who will perform the functions that are now performed by the office of Adjutant and Inspector?

General HOLCOMB. And certain others.

Senator BREWSTER. In other words, it will be a consolidation of those functions under one administrator.

General HOLCOMB. Yes, sir.

The CHAIRMAN. General, it seems to me that subsection (d), which reads as follows, grants very broad powers:

in effectuating the transfer of administration and functions herein provided, the Commandant of the Marine Corps is authorized to make such distribution, changes, and reorganization in the functions and duties of the department and offices of the Marine Corps as he deems necessary for the more efficient administration of the Marine Corps.

I am afraid that we will encounter difficulty on the floor on this subsection.

General HOLCOMB. He has that power now.

The CHAIRMAN. He has?

General HOLCOMB. Yes, sir; he has always had it.

The CHAIRMAN. Why do you need to put it in here, then?

General HOLCOMB. That paragraph of the bill transfers the duties of the Adjutant and Inspector, bodily to this new department. Now, therefore, if you pass that law without any restrictive clause in it, it might be held that those are the duties of the new department, and nothing can be added to or taken away from it. In other words, unless section (d) is passed, the present—

Senator BREWSTER. It reviews an existing authority and precludes any question on the statute formalizing it.

General HOLCOMB. That is right. You see, the law heretofore has never provided exactly what functions the Adjutant and Inspector's Department should embrace, and that is what we want to avoid in passing the law, and leave the organization at headquarters as fluid as possible, so that any particular Commandant may change, or make changes which appear, at that time, necessary in the interest of efficiency.

Another feature of this bill is (curiously enough), we are giving something away. The Adjutant and Inspector has been appointed from colonels of the line heretofore, and he carried the rank of brigadier general while so serving. He is appointed by the President and confirmed by the Senate. We propose to do away with that, and

the Commandant will detail any officer whom he selects to head that department, and it carries no additional rank with it.

Senator DAVIS. How many additional will there be in the Adjutant and Inspector's Department, or are there now?

General HOLCOMB. Only one, the Adjutant and Inspector.

Senator DAVIS. I mean, the number of employees.

Colonel CUMMINGS. There are about 65 officers and approximately 800 clerks.

Senator BARBOUR. How many?

Colonel CUMMINGS. Sixty-five officers and about 800 clerks.

The CHAIRMAN. General, of course there is new personnel——

Colonel CUMMINGS. This new department will retain the same clerks.

Senator BREWSTER. Does that mean that you are increasing the department?

Colonel CUMMINGS. To a certain extent; yes, sir.

Senator BREWSTER. And doesn't that take over, or does it, the functions of the Inspector's Department, in other branches of the service?

General HOLCOMB. That has been started recently. The Navy never had any inspection service of shore activities. They had the Board of Inspection and Survey, but that was a materials board, and recently they created the Office of Inspector General. We do not feel that the Marine Corps is sufficiently large so that we have to separate these two functions.

Senator BREWSTER. You will have some officer who will perform the inspection duties?

General HOLCOMB. Any of the officers of the Personnel Department may be sent on inspection duty.

Senator DAVIS. In other words, this is done in the hope of having more efficiency and having less lost motion?

General HOLCOMB. Yes, sir.

Senator BREWSTER. Isn't that the same language that exists in the present legislation, this section (d), about the same language that is in some statute now?

General HOLCOMB. Not that I know of.

Senator BREWSTER. How do you exercise the power now?

General HOLCOMB. Oh, because there has never been any law to prescribe the exact duties of the department, and from time to time changes have been made. For example, when I came into the Marine Corps a good many years ago the Adjutant and Inspector's Department had as one of their activities the stationing of officers and enlisted men. That was taken away from them and the Personnel Division was created, many years ago, reporting directly to the Commandant. The recruiting service some years ago was in the Adjutant and Inspector's Department. In recent years it has also been directly under the Commandant; it has been changing back and forth, depending on the existing situation.

Senator BREWSTER. So that is simply embodying what has heretofore been an unwritten law.

General HOLCOMB. Exactly.

The CHAIRMAN. How many departments have you?

General HOLCOMB. Three.

The CHAIRMAN. What are they?

General HOLCOMB. The Quartermaster's Department, the Paymaster's Department, and the Adjutant and Inspector's Department.

The CHAIRMAN. And this authority will permit you to take some of the existing duties of those departments and put them in this new department you are creating, or modify any of the duties of these various departments that are now delegated to them?

General HOLCOMB. Yes, sir. Of course there is no idea—

Senator BARBOUR. May I ask a question, it may not be to the point, but there is no doubt of the fact that there is a good deal of friction in the Congress and the Senate about unexpended balances of appropriations, and I would like to just mention that in connection with your proposed section (2).

In other words, there is some feeling, I do not know that there is any in this committee, necessarily, that the War Department, we will say, the Navy Department, in testifying before appropriations committees, they get an appropriation, secure an appropriation running into so much money for certain purposes, and then perhaps inadvertently the purpose for which they were to expend that sum of money disappears, perhaps in the light of later circumstances appears not wise to go forward with that expenditure, or there is some change in conditions, and those unexpended balances have reverted to the War Department, to the Army or the Navy, and not to the Treasury for reappropriation, so that I think we want to have pretty clearly in mind this section (2) and just what it means.

The CHAIRMAN. I think, if you will excuse me, Senator, it simply means that between now and July 1 if there are any balances in the appropriation for the marines that ought to be handled through the Office of Adjutant and Inspector, that money can be used for the administration under the new law.

General HOLCOMB. And, Senator, I think that, and I will ask Colonel Cummings to correct me if I am wrong—I think the only appropriation involved is for clerical force.

Colonel CUMMINGS. Yes, sir; for clerical force.

The CHAIRMAN. General, do you know the amount of unexpended balance?

General HOLCOMB. The funds that have been appropriated—

Senator BARBOUR. That situation has arisen, I am not criticizing, please understand.

General HOLCOMB. I understand.

Senator BARBOUR. That is, where the Army we will say finds itself with funds they feel they can expend to their own advantage that have not been so designated by any appropriation.

General HOLCOMB. This refers to money appropriated by Congress for clerical work, and the same funds will be employed under the new department.

Senator BREWSTER. This does not broaden your authority in the expenditure of funds?

General HOLCOMB. In no way whatever, sir.

Senator BARBOUR. I am glad I brought that out.

Senator DAVIS. It is possible to operate the department now with less personnel?

General HOLCOMB. There would be certain saving in personnel. Incidentally, this reorganization is something that the Marine Corps has been wanting to carry out for years, and I wanted to do it 4 years ago, but I felt we could get along and it might have been controversial

at that time, because it would involve doing away with an office at that time occupied, and it is not now occupied, and the last incumbent Adjutant and Inspector has been retired.

Senator BREWSTER. Well, this would be a good time then.

General HOLCOMB. Yes, sir; and they have had some efficiency engineers up there who have studied my headquarters in addition to all of the other bureaus and that is the one thing they recommended, and it was right down our alley.

Senator TOBEY. Who holds the office of adjutant and inspector now?

General HOLCOMB. No one, sir. General Osterman was the last incumbent and was retired, physically, about 6 months ago. Colonel Cummings was his executive officer in that department and has been acting inspector in anticipation of the introduction of the bill and in hoping for the passage of it we have made no attempt to fill the office.

There is no legal way of filling it, so far as I know, because the adjutant and inspector was supposed to be appointed from an eligible list drawn up by the selection board. Well, you have repealed the law providing for the selection board, so, as I say, there is no mechanism provided whereby a new selection can be made.

However, I think if the President appointed somebody, and the Senate confirmed him, it would probably be all right, but it is not necessary.

Senator DAVIS. What is the new personnel; how big would the department be?

Colonel CUMMINGS. One hundred and two officers and about 1,100 men, I understand.

The CHAIRMAN. Are there any questions?

(No response.)

The CHAIRMAN. Very well, we will close the hearing.

(Whereupon the committee then proceeded to the consideration of other matters.)

S. 972

The CHAIRMAN. The next bill is docket No. 39, S. 972, to amend section 7 (c) of the act of May 21, 1920, as amended by section 601 of the act of June 30, 1932.

(S. 972 is as follows:)

[S. 972, 78th Cong., 1st Sess.]

A BILL To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That section 7 (c) of the Act entitled "An Act making appropriations for fortifications and other works of defense, for the armament thereof, and for the procurement of heavy ordnance for trial and service, for the fiscal year ending June 30, 1921, and for other purposes," approved May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417; 31 U. S. C. 686), is hereby amended to read as follows:

"(c) Orders placed as provided in subsection (a) shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. Advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury."

SEC. 2. Section 8 of the Act approved June 22, 1936 (49 Stat. 1648), is hereby repealed.

The CHAIRMAN. Captain Zimmerman.

STATEMENT OF CAPT. A. G. ZIMMERMAN, ACCOMPANIED BY LT.
E. J. LEWIS, UNITED STATES NAVY

Senator DAVIS. What docket is that?

The CHAIRMAN. Docket No. 59.

You may proceed, Captain.

Captain ZIMMERMAN. The purpose of this legislation is to enable the other departments of the Federal Government to handle orders that are given them by us in the same way that we handle their orders.

At present some departments feel that they have not the necessary authority to handle an order just like a contract which is given to a private contractor.

Because of this, a number of the orders are uncompleted and the departments that have tried to execute them find themselves in difficulty at the end of the fiscal year. This legislation will make it clear that the money that is appropriated by Congress for a given purpose and has been duly obligated by a department will be made available for that purpose during the life of the appropriation,

Senator BARBOUR. And only for that purpose?

Captain ZIMMERMAN. And only for that purpose; yes, sir.

The CHAIRMAN. Now, you may make contracts with private concerns, and, of course, that does not affect this.

Captain ZIMMERMAN. That does not, sir.

The CHAIRMAN. That is, this proposed bill.

Captain ZIMMERMAN. No, sir; that would not affect that.

The CHAIRMAN. The only effect it would have would be on the relationship of the Navy with other departments of the Government?

Captain ZIMMERMAN. That is correct.

The CHAIRMAN. Who make commodities or merchandise or munitions or something the Navy needs for the Navy?

Captain ZIMMERMAN. Exactly, sir.

The CHAIRMAN. Is that right?

Captain ZIMMERMAN. Yes, sir.

The CHAIRMAN. What are some of the things and some of the departments they deal with?

Captain ZIMMERMAN. The War Department, principally, sir.

The CHAIRMAN. War Department?

Captain ZIMMERMAN. Yes; and we are, by agreement, forced to order much of our material through them because of the fact that we wish to avoid competition in the open market with them. Consequently it has been arranged, for instance, that they will manufacture or procure all of our small-arms ammunition for example. A good deal of the field artillery that is used by the Marine Corps is ordered through the Army, and they supply it.

The CHAIRMAN. Now, that has been going on for some time, and from the Navy appropriations you pay the Army?

Captain ZIMMERMAN. Yes, sir.

The CHAIRMAN. Now, what happens at the end of the fiscal year that makes it difficult for the department?

Captain ZIMMERMAN. Two things may happen, sir. One is that we do not get our order in in time. For instance, last year the Army had a dead line of May 1 for us, which amounted to 2 months out of the fiscal year that we could not place any orders with them they were so rushed, they had their own fiscal year's business to clear up, and also they were getting orders from other bureaus of the Navy Department, and, as a consequence, we felt compelled to come before Congress and ask for the 1942 appropriations to be extended to 1942-43, in order to let us clear up those end requirements.

We would like to avoid that if we possibly could and we feel that if the Army can take care of those orders, when they are placed and when they have them in the fiscal year, then our troubles will be over and the War Department's troubles will be over also.

The second thing is that after an order is once placed by the War Department, it may later decide to change the source of supply and order elsewhere. If this occurs after the end of the fiscal year, it will request current funds from us once more, if an annual appropriation is involved.

The CHAIRMAN. If you have not placed your orders before the end of the fiscal year, your appropriations lapse, do they not?

Captain ZIMMERMAN. That is correct, sir; for obligation purposes.

The CHAIRMAN. For obligation purposes?

Captain ZIMMERMAN. Yes, sir.

The CHAIRMAN. Now, this bill would permit you to make contracts such as illustrated with the Army, after July 1, would it not?

Captain ZIMMERMAN. No, sir; it does not extend it—our obligation to act within the fiscal year is still effective.

The CHAIRMAN. But I thought if you obligated yourselves during the fiscal year the appropriation money that you received under the obligation remained over the 1st of July, does it not?

Captain ZIMMERMAN. The War Department, for instance, feels that they have not that authority. We feel that we have. If we received an order from the War Department, and we base it on the act of June 2, 1937, which says, in effect, that orders that we receive in that way and under those conditions shall be treated as a regular contract and funds for its payment shall be available for the same length of time as the appropriation.

The CHAIRMAN. Now, in the case of private contracts, it is not necessary—your appropriation hangs over, the money that you have appropriated in the fiscal year remains so that you can spend it after July 1.

Captain ZIMMERMAN. We can pay bills with it but we must have obligated it—we must give the contractor his order also before the end of the fiscal year or else we lose the money.

The CHAIRMAN. Are there any other questions?

Senator BREWSTER. You could not place an order under that after July 1 and simply pay with what you have?

Captain ZIMMERMAN. We cannot place an additional order after the 1st of July.

Senator BREWSTER. In other words, you cannot retain any unobligated money after the end of the calendar year, or the fiscal year, rather?

Captain ZIMMERMAN. That is right, sir.

The CHAIRMAN. Does this other officer want to make a statement?

Captain ZIMMERMAN. Yes, sir.

The CHAIRMAN. Lieutenant, will you give your name for the record?

Lieutenant LEWIS. E. J. Lewis, sir.

There is one other factor and that is the fact that at the present time the War Department is finding it increasingly necessary to shift contracts from one producer to another.

One instance came up in connection with a manufacturer who was manufacturing both .30 caliber and .50 caliber weapons, and to obtain productive efficiency it was decided that the manufacturer should specialize on .50 caliber weapons. That meant that the outstanding contracts for .30 caliber weapons had to be canceled, and in the cancellation of those contracts the Navy Department's money, which was obligated by those contracts, had to lapse, because there is no way that that money could be made available to cover the shifts in the contracts to a new producer.

Now, material shortages are developing. The War Department anticipates that that will continue to be the case in the future, and, if so, that means that a large part of the more than \$2,000,000,000 we have outstanding may not be available to the Navy for the work which it was given to us by the Congress.

The CHAIRMAN. Has the War Department raised the problem with the Navy, or has the Comptroller General?

Lieutenant LEWIS. They raised the point. They have raised the point, in pointing out to us that contracts we have covered may revert sometime in the future.

Senator LUCAS. Does this legislation cover the point you are now making?

The CHAIRMAN. I did not hear you, Senator.

Senator LUCAS. I asked the Lieutenant if the present legislation covered the point he was now discussing.

Lieutenant LEWIS. It does, sir.

Captain ZIMMERMAN. The effect of these problems, in the other departments was that we had money that we thought was safely obligated and contracted for, turned back to us without any control, ourselves.

Of course, we have nothing to say about the internal administration of the War Department, hence it becomes our problem to make sure that the business that we entrusted to them was carried out.

Senator BREWSTER. Do I understand from what he says, if you had an order for a million dollars worth of 30-millimeter ammunition left, for any reason, after the end of the fiscal year, under this law that money would remain available for any other purpose within the limit of the original appropriation?

Lieutenant LEWIS. It is not our cancellation; it is a cancellation by the War Department; so far as we are concerned our original order with the War Department stands.

Senator BREWSTER. You order so much and you still want it?

Lieutenant LEWIS. Yes, sir; we still want it.

Senator BREWSTER. And it will still go for the 30 or 50 millimeter ammunition.

Lieutenant LEWIS. Still for the 30 millimeter in the hands of the War Department.

Senator BREWSTER. But it will be placed with some other agency.

Captain ZIMMERMAN. The source of supply would be changed.

Senator BREWSTER. But under the present situation that would lapse under the War Department interpretation?

Captain ZIMMERMAN. That is right, sir.

Lieutenant LEWIS. May I point out one other thing?

The CHAIRMAN. Yes.

Lieutenant LEWIS. That is the fact that the Comptroller General is in full accord with this legislation, and has endorsed it, and that fact has been embodied in a letter to the Bureau of the Budget and also has been referred in our letter to the House and to the Senate.

Captain ZIMMERMAN. I believe that is before the committee.

Senator BREWSTER. As I understand it, this is a rewriting of an existing law. Did you include that in your report or in your letter to the Department heads?

Captain ZIMMERMAN. The same facts substantially.

Senator BREWSTER. I mean, an exact copy of the present wording, the present law. I think that should be done.

Captain ZIMMERMAN. We have, in the letter addressed to the Senate. I believe.

Senator BREWSTER. That is all right, so long as it is included in the report. They often ask about this.

The CHAIRMAN. True.

Very well, gentlemen, thank you.

(Thereupon, the committee passed on to the consideration of other bills.)

S. 1065

The CHAIRMAN. The next bill is Docket No. 69, S. 1065, a bill to abolish certain naval trust funds and deposits thereto, and to simplify naval accounting procedure, and for other purposes.

(S. 1065 is as follows:)

[S. 1065, 78th Cong., 1st sess.]

A BILL To abolish certain naval trust funds and deposits thereto, and to simplify naval accounting procedure, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That effective July 1, 1943, (a) the trust fund, naval hospital fund (48 Stat. 1235 (80) (78815); 31 U. S. C. 725s (a) (80)), is abolished, and any unobligated balance remaining therein as of that date shall be covered into the surplus fund of the Treasury; (b) moneys theretofore required by law to be paid into such fund from annual appropriations shall remain to the credit of the appropriation concerned; and (c) commencing with the fiscal year 1944, annual appropriations in such amounts as may be necessary are authorized from the general fund of the Treasury for the maintenance, operation, and improvement of naval hospitals.

SEC. 2. Effective July 1, 1943, (a) the trust fund, navy fines and forfeitures (48 Stat. 1235 (81) (78984); 31 U. S. C. 725s (a) (81)), is abolished, and any unobligated balance remaining therein as of that date shall be covered into the surplus fund of the Treasury; (b) moneys theretofore required by law to be paid into such fund from annual appropriations, and all pay forfeited by law or by the terms of a court-martial sentence, shall remain to the credit of the appropriation concerned; and (c) commencing with the fiscal year 1944, annual appropriations for "Pay, subsistence, and transportation, Navy," or "Pay, Marine Corps," as may be appropriate, shall be available for payment of (a) necessary personal allowances of prisoners during confinement, and (b) transportation, gratuity, and civilian clothing of discharged naval prisoners: *Provided*, That savings deposits

forfeited by desertion shall be deposited into the Treasury of the United States as miscellaneous receipts.

SEC. 3. Commencing June 30, 1944, there shall be deducted from the pay of each person in the naval service on the last day of each fiscal year the sum of \$2.40, to be deposited into the Treasury of the United States as miscellaneous receipts.

SEC. 4. (a) Sections 4808, 4809, and 1614 of the Revised Statutes, and (b) so much of the Act approved June 7, 1900 (24 U. S. C. 5), as requires that all forfeitures on account of desertion shall be passed to the credit of the naval hospital fund are hereby repealed: *Provided*, That pensions of inmates of a naval home or naval hospital, heretofore required by law to be deducted from the account of the pensioner and applied for the benefit of the fund from which such home or hospital is maintained, shall be deposited into the Treasury of the United States as miscellaneous receipts: *Provided further*, That this section shall be effective July 1, 1943: *And provided further*, That all moneys accruing to the trust funds, naval hospital fund (78815), or navy fines and forfeitures (78984) prior to that date but not credited thereto prior to that date shall be covered into the surplus fund of the Treasury.

The CHAIRMAN. Rear Admiral Sheldon, will you come forward, please?

STATEMENT OF REAR ADMIRAL SHELDON, SIGNAL CORPS, UNITED STATES NAVY, ACCOMPANIED BY COMMANDER P. P. BROWN, MEDICAL CORPS, UNITED STATES NAVY

Admiral SHELDON. Mr. Chairman, this is a matter of more importance to the Supply Department Corps than to the Medical Department, so Commander Brown, with your permission, will make the first statement.

The CHAIRMAN. Very well.

Senator BREWSTER. Mr. Chairman, I am sorry, but I have to leave.

The CHAIRMAN. Thank you, Senator, for coming.

We may have a most important meeting tomorrow or the next day, and perhaps on both days relating to an authorization of \$1,000,000,000 for auxiliary vessels, an authorization of \$1,000,000,000 for smaller vessels.

Proceed, Commander.

Commander BROWN. Senator, I have a short prepared statement here.

The purpose of this bill is to simplify accounting procedures by providing for direct appropriations for maintenance and operation of naval hospitals and for certain authorized expenses of naval prisoners, both of which in the past have been paid partly from trust funds.

The naval hospital fund is made up of deductions of 20 cents per month from the pay of each officer and enlisted man in the Navy and Marine Corps, from pay forfeited by deserters, and from fines imposed upon naval prisoners. The fund was created originally to provide for the construction and maintenance of naval hospitals; however, it is the present practice to make direct appropriations for construction of naval hospitals and the moneys in the naval hospital fund are now used only for maintenance and operation of hospitals.

The necessity for checking the pay of each officer and enlisted man each month for the support of the naval hospitals puts a heavy burden upon disbursing officers, particularly those serving in combat areas. Under section 3 of the bill the deduction would be made only once each year in the amount of \$2.40 and would be deposited in the Treasury as miscellaneous receipts.

When pay is forfeited by persons in the naval service by reason of desertion or when persons in the naval service are fined, the pay which would otherwise be due them is placed to their credit by the disbursing officer. The pay which is subject to fine or forfeiture is then credited to the trust fund, Navy fines and forfeitures; then, in the case of discharged prisoners, the cost of transporting them to their homes or place of enlistment is paid from "Navy fines and forfeitures"; and finally, the balance remaining in "Navy fines and forfeitures" is placed to the credit of the Naval hospital fund, where it is available for certain expenses in maintaining and operating naval hospitals.

The numerous transfers of funds entailed by this procedure makes for a great deal of paper work which serves no useful purpose. Also, the practice creates a situation where a portion of the expenses of naval hospitals and a portion of the expenses of naval prisoners are paid from these trust funds while other parts of such expenses are paid from direct appropriations.

The proposed bill would change no existing rights. The two trust funds, Navy fines and forfeitures and naval hospital fund, would be abolished. The moneys remaining in those funds at the close of the current fiscal year would be deposited in the Treasury as miscellaneous receipts. All moneys which now make up those funds would either be deposited to miscellaneous receipts or would remain to the credit of the appropriations from which they are now transferred to those funds before being available for expenditure. The bill would result in no additional cost to the United States and undoubtedly would result in a tremendous saving in time and money through the elimination of unnecessary paper work.

The CHAIRMAN. Would you read that part again, about all the moneys making up the funds?

Commander BROWN. All the moneys which now make up those funds would either be deposited to miscellaneous receipts or would remain to the credit of the appropriations from which they are now transferred to those funds before being available for expenditure. The bill would result in no additional cost to the United States and undoubtedly would result in a tremendous saving in time and money through the elimination of unnecessary paper work.

Senator TOBEY. How much money is involved?

Commander BROWN. It is rather difficult to say, just in one or two words, how much money is involved. For instance, the present balance in the naval hospital fund on June 30, 1942, was \$552,338.

Senator TOBEY. The wording of the verbiage to the layman is confusing, in a sense, and mystifying, because you speak of a trust fund and a general fund, and it would seem to indicate some sort of a secret matter. What are the extent of the trusts?

Commander BROWN. Of course, the only reason we call it a trust fund, Senator, is because originally it was the naval hospital fund, by name, and it meant nothing more than a hospital fund for many years. As a result of an act passed in 1934, on the recommendation of the Comptroller General, many Government funds were all placed into trust funds by specific act of Congress, so it falls in the category of a trust fund by virtue of that 1934 act.

As indicated in my prepared statement, the greatest problem involved here is one of accounting.

The CHAIRMAN. All of the money that you have in these two funds now, on July 1, reverts to the Treasury?

Commander BROWN. Yes, sir, Senator.

The CHAIRMAN. At that time, when you receive money that ordinarily would go into these funds, what becomes of that?

Commander BROWN. Two things, sir: We are now speaking of fines and forfeitures, which really includes the hospital fund, but fines and forfeitures has as its source of revenue various things, such as the money that we take away from a man as the result of a court martial, when that man is sentenced to lose so much a month, for so many months, and that money comes out of the Navy appropriation for pay and is checked against the man and goes into fines and forfeitures.

Then, there are certain other moneys going into Fines and Forfeitures such as when a man deserts with a certain amount of money on the books due him and that goes into fines and forfeitures. Fines and forfeitures has no drain on it, except the transportation which is furnished to a prisoner when he is finally discharged. The balance goes to the Navy hospital fund. That is the present procedure, so that the complications in connection with it, for example, the pay of a prisoner, a man sentenced to imprisonment, those complications alone are tremendous because of the money involved, such as the cost of the man's transportation, his clothing, and his ordinary prison expenses while he is at the prison, each and every one of those items comes from one of three or four different sources.

Under the proposed legislation, the money for those items would all come from one source, and that is a direct appropriation, the same appropriation which is made for the pay of every man in the service.

The CHAIRMAN. Are there any other questions?

(No response.)

The CHAIRMAN. All right, thank you.

(Whereupon, the committee then proceeded into the consideration of other bills.)

S. 1067

The CHAIRMAN. The next bill under consideration is docket 71, Senate bill 1067, to amend the first paragraph of section 10 of the Pay Readjustment Act of 1942 to provide for allowances to midshipmen of the Naval Reserve for quarters and subsistence when not furnished in kind.

(S. 1067 is as follows:)

[S. 1067, 78th Cong., 1st sess.]

A BILL To amend the first paragraph of section 10 of the Pay Readjustment Act of 1942 to provide for allowances to midshipmen of the Naval Reserve for quarters and subsistence when not furnished in kind

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first paragraph of section 10 of the Pay Readjustment Act of 1942, approved June 16, 1942 (56 Stat. 363; 37 U. S. C. 110), is hereby amended by adding after the period at the end thereof the following:

"Midshipmen of the Naval Reserve when not furnished quarters or subsistence in kind shall be granted the same allowance for quarters and subsistence as is granted hereunder to enlisted men not furnished quarters or rations in kind."

The CHAIRMAN. All right, Commander Hederman.

STATEMENT OF COMMANDER T. H. HEDERMAN, UNITED STATES NAVY

Commander HEDERMAN. The purpose of the bill before the committee is to provide for the payment of allowances for quarters and subsistence in the case of Reserve midshipmen, for which there exists no provision of law.

Midshipmen of the Naval Reserve frequently undergo training and activities where it is not practicable to furnish them quarters and subsistence in kind. While these individuals are in a midshipman status it is desirable to send them to the Post Graduate School in Annapolis for schooling in aerology, to the Naval Research Laboratory here in Washington for research in scientific subjects, and to selective schools where specialized training is conducted.

Due to the absence of law providing these allowances, the present practice is to delay this education until the individual has been commissioned, at which time he becomes eligible to receive allowances for quarters and subsistence.

The Navy Department recommends the enactment of this bill and it has the clearance of the Bureau of the Budget.

The CHAIRMAN. That is, after he has become an ensign you would have no problem.

Commander HEDERMAN. No; not at all, sir.

The CHAIRMAN. Only when he is a midshipman, and you choose to send him to a particular place for instruction, where he is not furnished with quarters, you have this problem?

Commander HEDERMAN. Yes, sir.

The CHAIRMAN. How about the expense?

Commander HEDERMAN. The expense would be very small, because it would involve only a few people. For instance, it is desired right now to send about 12 people to the post graduate school at Annapolis. The problem of quartering midshipmen of the Naval Reserve in with the regular midshipmen in Bancroft Hall at the Naval Academy is a little bit difficult, and it is also desired right now to send about 8 or 9 midshipmen of the Naval Reserve to the Research Laboratory here in Washington for scientific studies.

Senator LUCAS. Why is it difficult to send those boys to Bancroft Hall at Annapolis?

Commander HEDERMAN. They are in an entirely different category, Senator.

Senator LUCAS. What do you mean, "entirely different category"?

Commander HEDERMAN. Well, the midshipmen at the Naval Academy have their own regulations pertaining to the Naval Academy, their own curriculum, and the post-graduate school in itself, while at the Naval Academy, is entirely separate from the midshipmen's organization at the academy. Its location is about a mile across the creek from the Naval Academy, and all administration down there is really divided.

Senator LUCAS. It is a separate school, in other words?

Commander HEDERMAN. A separate school entirely.

Senator TOBEY. Some consciousness of the difference would undoubtedly exist.

Commander HEDERMAN. A little, but we don't want it, sir.

The CHAIRMAN. No one at the post-graduate school now is quartered at Bancroft Hall?

Commander HEDERMAN. No, sir.

The CHAIRMAN. And it is because they are all higher rank than midshipman?

Commander HEDERMAN. Yes, sir; they are young officers.

The CHAIRMAN. And they are taken care of by the general law, whatever outside expenses they may have?

Commander HEDERMAN. Yes, sir.

Senator BARBOUR. Do you have any guess as to the amount involved?

Commander HEDERMAN. Yes, sir. When we detail these people for study they would come under the same allowances for quarters as enlisted men of the three top pay grades. For instance, where there are no Government messing facilities furnished he would get a daily allowance of \$1.50 for subsistence and \$1.25 for quarters, so it would be a maximum per person of \$2.75 per day.

The CHAIRMAN. Thank you very much.

Are there any questions?

(No response.)

The CHAIRMAN. Very well, gentlemen, thank you.

(Thereupon the committee proceeded to the consideration of other bills.)

S. 995

The CHAIRMAN. Now, we will take up Docket 62, which is S. 995, a bill to provide a penalty for violation of regulations or orders with respect to persons entering, remaining in, leaving, or committing certain acts within or upon vessels, harbors, ports, and water-front facilities.

(S. 995 is as follows:)

[S. 995, 78th Cong., 1st sess.]

A BILL To provide a penalty for violation of regulations or orders with respect to persons entering, remaining in, leaving, or committing certain acts within or upon vessels, harbors, ports, and water-front facilities

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whoever shall enter, remain in, leave, or commit any act within or upon any vessel, harbor, port, or water-front facility, contrary to any regulation or order for the security or protection thereof, promulgated or approved by the Secretary of the Navy, pursuant to authority conferred upon him by any Executive order or proclamation of the President, shall, if it appears that he knew or should have known of the existence and extent of the regulation or order and that his act was in violation thereof, be liable to a fine of not to exceed \$5,000 or to imprisonment for not more than one year, or both.

The CHAIRMAN. Admiral Gorman, of the Coast Guard.

**STATEMENT OF REAR ADMIRAL FRANK GORMAN, ACCOMPANIED
BY LT. COMDR. W. E. KOKEN, UNITED STATES COAST GUARD**

Admiral GORMAN. Mr. Chairman, by Executive Order No. 9074 of February 25, 1942, the President placed the responsibility for the protection of vessels, ports, harbors, and water-front facilities upon the Secretary of the Navy and authorized him to issue regulations and rules necessary for their safeguarding.

In turn, the Secretary of the Navy delegated that responsibility to the Commandant of the Coast Guard, who discharges it through

the captain of the port organizations which are maintained in all ports along the coasts of the United States.

The proposed bill provides that any violation of regulations issued pursuant to that Executive order shall constitute a misdemeanor and any person found guilty of such misdemeanor may be punished by a fine and/or imprisonment.

The necessity for the bill arises from the fact that there is now no enforcement machinery whatever, other than moral suasion, to enable the captain of the port to carry out the regulations issued by the Secretary of the Navy for the purpose of protecting vessels, ports, harbors, and water-front facilities from loss or damage due to sabotage, accident, or other cause.

The CHAIRMAN. There are regulations and machinery, of course, to enforce any action of this kind upon a naval vessel, I suppose?

Admiral GORMAN. Yes, sir.

The CHAIRMAN. But there does not happen to be any law to enforce the regulations made by reason of this Executive order.

Admiral GORMAN. That is correct, Mr. Chairman.

Peculiarly enough, under the so-called Espionage Act of 1917, the Secretary of the Navy is authorized to issue all the necessary regulations to govern the movement and anchorage of vessels, and a violation of the regulations issued pursuant to that act is a felony which is punishable by imprisonment of not more than 10 years or a fine of not more than \$10,000. However, that authority does not extend to water-front facilities, such as piers, docks, and so forth.

Now, in the vast majority of cases we have found that the owners and operators of water-front facilities, piers, docks, and so forth, are very cooperative and carry out the rules and regulations, both to the letter and in the spirit, but occasionally there is one who refuses because of expense or other reasons, and it is not so much to penalize that particular owner as to provide safeguarding for that particular area that this legislation is desired. A facility which is not properly protected may endanger the entire water front of a city. We have had actual cases where that has occurred.

Now, I might say, Mr. Chairman, that not only has the Secretary of the Navy and the Bureau of the Budget approved the bill but the Department of Justice has also approved it. We have a supplemental agreement with the Department of Justice that all regulations under which they may be called upon to prosecute will be submitted to the Attorney General for his approval prior to promulgation.

Senator TOBEX. Isn't the bill, as drawn, a little bit too lukewarm? For instance, would you approve of lines 9, 10, and 11, where it says:

If it appears that he knew, or should have known of the existence and extent of the regulation or order and that his act was in violation thereof—

Why did you put that in? By doing that you have a defense mechanism already established, in his pleading ignorance.

Admiral GORMAN. I have just stated, Senator, that this bill has been submitted to the Department of Justice, and it is similar to a 1942 law for the Army which provides penalties for the violation of regulations issued regarding military areas. The Department of Justice has a similar agreement with the Army, with respect to regulations under that law. The phraseology of that law is almost identical

with the language in this bill. If my memory serves me correctly, the Department of Justice insisted upon the insertion of this language.

Senator BARBOUR. There have been cases prosecuted under that language?

Admiral GORMAN. For the Army. You see we have not had this authority heretofore.

Senator BARBOUR. But the Army has?

Admiral GORMAN. Yes; and I may say, Senator, that we are not asking this in order to penalize an obstreperous owner. It is a safety measure, and we would not utilize it in any instance until we had exhausted every effort to have the owner put his piers or docks or facilities in proper condition, whether it be lighting or fire-fighting apparatus, or whatever it might be. We also have the duty of excluding from waterfront facilities persons suspected of subversive tendencies, persons lighting matches and cigarettes in restricted areas, and so forth. We have had several cases where we have excluded an undesirable character and had to exclude him again when he returned. This has happened time and time again. There is no way we can keep undesirables out except by physical force. We would not ordinarily invoke this authority until we had advised the owner of the property or facility to take proper precautions, or to take such corrective measures as might be necessary. Thus, while it may be as you say, Senator, a little lukewarm, in practical application this would have little effect on the end sought.

Senator BARBOUR. Admiral, we are all familiar with the term "captain of the ports" or port. Now, is that a captain of the Coast Guard?

Admiral GORMAN. No; he is an officer of the Coast Guard.

Senator BARBOUR. Not necessarily a captain?

Admiral GORMAN. Not necessarily a captain. He may be a captain or a commander, or, as in the case of the port of New York, a rear admiral.

Senator BARBOUR. That is the office designation.

Admiral GORMAN. The term captain of the port is a designation of the office rather than of the rank of the officer holding that office.

Senator BARBOUR. That is what I thought.

The CHAIRMAN. Very well, thank you, Admiral.

(Whereupon, the committee then proceeded to the consideration of other bills.)

S. 996

The CHAIRMAN. The next is Docket No. 63, which is S. 996, a bill to limit the provisions of certain laws relating to the pay and promotion on the retired lists of the Navy, the Marine Corps, or the Coast Guard, the Coast and Geodetic Survey, of commended officers.

(S. 996 is as follows:)

[S. 996, 78th Cong., 1st sess.]

A BILL To limit the provisions of certain laws relating to the pay and promotion on the retired lists of the Navy, the Marine Corps, the Coast Guard, or the Coast and Geodetic Survey, of commended officers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of the following Acts relating to the pay and promotion on the retired lists of the Navy, the Marine Corps, the Coast Guard, or the Coast and Geodetic Survey, of officers who

have been commended for their performance of duty in combat shall not apply to commendations awarded subsequent to September 8, 1939: (1) Section 30 of the Act approved March 4, 1925 (43 Stat. 1279), as amended by section 10 of the Act approved March 3, 1931 (46 Stat. 1485; 34 U. S. C. 399); (2) the Act approved January 16, 1936 (49 Stat. 1092; 34 U. S. C. 399f); (3) section 12 (1) of the Act approved June 23, 1938 (52 Stat. 951; 34 U. S. C. 4044 (1)); (4) the Act approved February 23, 1942 (Public Law 464, Seventy-seventh Congress; 56 Stat. 120; 34 U. S. C. 399h); (5) the Act approved June 6, 1942 (Public Law 597, Seventy-seventh Congress; 56 Stat. 328; 14 U. S. C. 174a).

The CHAIRMAN. All right, Commander Hederman.

STATEMENT OF COMMANDER T. H. HEDERMAN, UNITED STATES NAVY

Commander HEDERMAN. Shortly after World War I the Congress enacted legislation authorizing the advancement upon the retired list of officers who have been specially commended for the performance of duty in actual combat with the enemy. Subsequent amendments have been enacted whereby officers may be similarly advanced if so commended for the performance of duty in combat but not necessarily combat with an organized enemy.

Under the original act a very limited number of officers became eligible for advancement authorized. However, the present war of world-wide proportions has resulted in special commendation for the performance of duty in combat to a very large number of officers. As the war progresses it is to be expected that probably additional thousands of officers will be similarly commended. In view of these conditions and the more mature judgment based on present war experience, the Navy Department is of the belief that the original enactment and the subsequent amendments were not sound in principle and accordingly recommends their repeal. A special commendation in itself is recognition of performance of duty and obviously carries considerable weight toward the selection of these officers for further promotion.

If these laws be not repealed, the Department looks to the time when the advancement in rank upon retirement will probably be the rule rather than the exception. Thousands of officers retired in the next higher rank and subsequently returned to active duty in that rank complicates administration and adds to difficulties.

However, it is considered that individuals who may have been especially commended for their duty in combat prior to September 8, 1939, the date of the declaration of national emergency, should not be deprived of the benefits theretofore accorded. For that reason it is believed that the repeal effects of the proposed bill should not antedate that date and recommends to the committee the enactment of this bill S. 996.

This bill has the express approval of the Secretary of the Navy and the Commander in Chief of the United States Fleet. The Bureau of the Budget has advised that there would be no objection to its submission to the Congress.

Senator LUCAS. I wish you would explain again to me the purport of this bill.

Commander HEDERMAN. Yes, sir. We have four or five laws which appear in the text of the bill that provided benefits for those receiv-

ing special recognition in World War I; where an officer was specially commended by the Secretary in a letter, or a higher commendation, such as a Navy Cross, or the Distinguished Service Medal, where he received that and subsequently retired, he would be automatically advanced on the retired list to the next higher rank.

Senator LUCAS. That was in operation for World War I?

Commander HEDERMAN. Yes, sir.

Senator LUCAS. It worked all right then?

Commander HEDERMAN. Yes, sir; it worked all right then because we had very few advancements, and, in connection with that, up to September 8, 1939, there were 55 naval officers and 38 Marine Corps officers advanced upon retirement who had been so commended for actual combat.

Senator TOBEY. That took place whether or not the person received the Distinguished Service Cross, a letter of special recognition, or the Navy Cross; any distinguished duty under the three categories gave the advancement.

Commander HEDERMAN. Yes, sir.

Senator LUCAS. If he got the medal in actual combat?

Commander HEDERMAN. Yes, sir.

Senator LUCAS. I recall I had a friend in the last war who mounted an engine and drove a string of cars through a burning plant of some kind and got a lot of recognition as a result of it. He got some kind of a medal for that, I think a high one. He would not be eligible for that kind of an officership, would he?

Commander HEDERMAN. No, sir; not if it was not in actual combat, and we have left to date 38 Navy and 77 Marine Corps officers who are so eligible and will, upon retirement, be advanced to the next higher rank.

Now, after the figures for this war——

The CHAIRMAN. These officers are not to be interfered with by this bill, are they?

Commander HEDERMAN. No, sir; they are not to be deprived of anything they already know about.

The CHAIRMAN. Now, you are starting a new policy; what is this new policy?

Commander HEDERMAN. We are starting a new policy that for this war, an officer who receives a special commendation for the performance of a duty in combat, or receives a Navy Cross or a Silver Star or any of those commendatory medals, will not automatically, when he retires, be advanced upon the retired list to the next highest rank.

Senator TOBEY. How will he be advanced? Will he be advanced under any conditions?

Commander HEDERMAN. Only in the normal course of events, from now until the time he is retired.

Senator TOBEY. Then he would receive no additional inducement by virtue of this reward?

Commander HEDERMAN. Not by that, sir. He has already been recognized.

Senator TOBEY. The recognition stops with the award of the medal, or whatever it is?

Commander HEDERMAN. Yes, sir.

The CHAIRMAN. And the promotions will be discontinued by the giving of those promotions to those left from World War I?

Commander HEDERMAN. Yes, sir.

The CHAIRMAN. Now, is the reason for this change, that you have discovered as a result of this war, that officers who have been advanced on the retired list are not in all cases fitted or capable of performing the duties of the advanced rank they received?

Commander HEDERMAN. In some cases, yes, sir, Mr. Chairman.

Senator LUCAS. Is that the basic reason for this?

Commander HEDERMAN. No, sir; the thing is mounting into thousands. We already have 4,046 people who have been commended since December 7.

Senator TOBEY. One thing that might contribute toward that is the greater volume, and a second thing might be the men are taking more chances and are braver than in World War I and those two are salient reasons, are they not?

Commander HEDERMAN. Yes, sir; they are.

Senator TOBEY. Of course, the last is not appropriate; there is no doubt that the men in World War No. 1 had the same amount of bravery as the men in this war, but there is a greater volume of opportunity in the operation today, is there not?

Commander HEDERMAN. Yes, sir; that is correct, and I think that the Department might wait and find out just what they are doing instead of having laws that when enacted were for just the last war; we think it perhaps will be wiser to wait and see how many this is going to involve because it is already, in a year and a half, up to 4,000.

In that 4,000, however, there are only about 2,000 officers and about 2,000 enlisted men, but many of those enlisted men will become officers before this is over.

Senator TOBEY. And a large part of that 4,000 that receive that might expect to receive a consequent further reward?

Commander HEDERMAN. That is probably true, sir.

Senator TOBEY. And it might be a strong disappointment to those 4,000 men; is that not true?

Commander HEDERMAN. Yes, sir.

The CHAIRMAN. Those enlisted men, are they advanced also?

Commander HEDERMAN. No, sir, not by law; but before they separate from the service they may, by other means, be promoted, be advanced to an officer's rank and consequently come under the present provisions of the law.

Senator LUCAS. Now, what is the distinct advantage—I want to know that—what is the distinct advantage under the present law, if left the way it is, that would accrue to the 4,000 men that you covered?

Commander HEDERMAN. They would, when retired, be advanced one rank on the retired list by virtue of having received a special commendation.

Senator LUCAS. Would that give them more pay?

Commander HEDERMAN. No, sir; no pay is involved.

Senator LUCAS. What is involved?

Commander HEDERMAN. The involvement is putting them on the retired list with the higher rank and then in any future emergency to have those people recalled they would be stepping up above maybe a thousand or two thousand officers by virtue of their new rank, to carry on.

Senator LUCAS. Would they not be entitled to a little consideration—a fellow that won a medal, a fellow that had gone through the mill, you might say, and saw the service that he did—would he not maybe be a little better?

Commander HEDERMAN. He might be, sir.

Senator LUCAS. And he might not be.

Commander HEDERMAN. Yes, sir; he might not be. And he has, as I pointed out, the commendation that he originally received; that is his recognition in itself.

Senator LUCAS. I understand that recognition, but if he is recalled, he gets a little more recognition in actual service as a result of what he did in the previous service?

Commander HEDERMAN. Yes, sir.

Senator LUCAS. And that policy was adopted in the last war, and now you want to change it because of the great number that are being cited, and do you think that that would interfere with the efficiency of the service in the event they were recalled?

Commander HEDERMAN. It might; yes, sir. We will have—

The CHAIRMAN. Have you in mind what some might improperly call discrimination that certain officers in the performance of their duty during the war would have no opportunity to get commendations?

Take, for instance, the commanding officer. I visited the PT boats based at Newport, R. I., the other day, and I was very much impressed with the wonderful job he was doing; he is very efficient and hard working. I do not think he has left the post in 2 months a single evening. Now, if he stays there, he is almost indispensable in training for those PT boats, and if he continues to do his duty, he will not be in a position to get a letter of commendation.

Commander HEDERMAN. That is very true; yes, sir.

The CHAIRMAN. And yet, men who have the same rank who are in a position to perform duty in combat and get commended would be retired at a higher rank?

Commander HEDERMAN. Yes, sir.

Senator TOBEY. The expense factor, you say, would not be involved, or would it be a question of delay, based on when and if they come back into the service, then the expense is increased?

Commander HEDERMAN. Yes, sir; that is right.

Senator LUCAS. What is the basic reasoning back of the original law?

The CHAIRMAN. What?

Senator LUCAS. What was the basic reasoning back of the original law that is now in effect or in existence?

Commander HEDERMAN. Well, sir, I think that there were so few people, around in the low hundreds, that the recognition of giving them a higher rank upon retirement would not be troublesome later on.

Senator LUCAS. Was that law passed after the war was over?

Commander HEDERMAN. Yes, sir; it was passed in 1925, some years after, and that is one reason I think we ought to wait and see what we are doing when we make this applicable to the present war.

Senator LUCAS. In other words, you would by this measure, I take it, you would practically put the man in the present war on the same status or basis as they were in the last war, and after the war is over you would then ascertain whether or not legislation should be passed to give them a higher rank or leave them where they are?

Commander HEDERMAN. Exactly, Senator.

The CHAIRMAN. Is the present law likely to lead to great pressure or to either pressure or a disposition to give to everybody or give many letters of commendation so that they would have this rank upon retirement?

Commander HEDERMAN. I should like to say "Now" because the Board of Awards, in awarding these commendations, I know, gives the commendation on the act itself of the individual.

Senator BREWSTER. That is true of medals also?

Commander HEDERMAN. That is true of medals.

The CHAIRMAN. And of letters.

Commander HEDERMAN. Yes, sir; and of letters also.

The CHAIRMAN. And do the letters come from the Board of Awards?

Commander HEDERMAN. The letter concerning probable promotion has to be signed by the Secretary.

Senator LUCAS. Do you think that the ordinary officer that is now engaged in combat work understands the existing law with respect to promotions?

Commander HEDERMAN. I do not think it is ever in his mind.

Senator TOBEY. What is your idea as to that? My guess is that it would be in his mind.

Senator LUCAS. I don't know; some might.

Senator TOBEY. If I was in the service, I would try to have a thorough knowledge about everything of that sort, to have the satisfaction of knowing there was such a situation.

Senator LUCAS. I don't know; I am inclined to agree with the witness in that they do not know and probably care less in their present status of life. However, it occurred to me that they all did know or were familiar with it, all officers would be familiar with it, and it might be a slight incentive to do greater deeds, although I do not think it would.

The CHAIRMAN. Do you know the back history of this law, the present law?

Commander HEDERMAN. Of the present law?

The CHAIRMAN. Yes.

Commander HEDERMAN. Only slightly.

The CHAIRMAN. When it was passed, was it a rider attached to an appropriation bill rather than an act in itself?

Commander HEDERMAN. No, sir; I think it was a separate law.

The CHAIRMAN. A separate law rather than a rider?

Commander HEDERMAN. Originally it was a separate law and each subsequent law was separate, and the meat in the subsequent laws was to enable different people, such as the staff corps, to receive benefits similar and equal to those that were in the line.

Senator LUCAS. Mr. Chairman, before we vote on this bill I should like to see the basic reasons for the existing law. I would like to learn what they discussed at that time, what the reasons for bringing it in in 1925 were.

The CHAIRMAN. Yes. Off the record.

(Discussion off the record.)

The CHAIRMAN. Are there any other questions?

(No response.)

The CHAIRMAN. What does the word "commendation" mean?

Commander HEDERMAN. It is "actual special commendation" for performance of duty.

The CHAIRMAN. Is this commendation used in this law; does it include a letter from a commanding officer about his men, as it is used?

Commander HEDERMAN. No, sir.

The CHAIRMAN. Then "commendation" means some act by the Navy Department itself through the Secretary of the Navy?

Commander HEDERMAN. Yes; that is correct.

The CHAIRMAN. After a board has examined all the facts and determined whether or not the commendation should or should not be extended?

Commander HEDERMAN. Yes, sir.

Senator BARBOUR. I suppose it is understood, of course, that there would be some other recommendation to begin it, probably from the unit he is connected with.

Commander HEDERMAN. The unit or fleet commander and, from him, to the commander in chief to the Board of Awards.

Senator BARBOUR. Then it would not be precipitated, as a rule, from the Department?

Commander HEDERMAN. No, sir.

The CHAIRMAN. I assume that it is a possibility that may be given consideration that a very large number of persons will be retired in higher rank and if called back to service within a few years after retirement they would often be jumped in rank over many other officers who had performed faithful service in the Navy during that period of time but had not been commended?

Commander HEDERMAN. Yes, sir.

Senator LUCAS. Do you do anything other than repeal the basic laws in this?

Commander HEDERMAN. No, sir; we do not actually repeal any basic laws, I used the word because that was the effect; what we do is that the provisions of the existing law do not apply to commendations awarded subsequent to September 8, 1939.

The CHAIRMAN. I think we ought to know the basic history behind the bill.

Captain Saunders, will you prepare a study of the background of this law before we pass upon it, as suggested by Senator Lucas?

Captain SAUNDERS. Yes, sir.

The CHAIRMAN. Do you agree to that, Senator?

Senator LUCAS. Yes, I do, Mr. Chairman.

(Whereupon, the committee proceeded to the consideration of other bills.)

S. 973

The CHAIRMAN. Now, the next bill is Docket 60, which is Senate 973, to amend sections 2 and 4 of the act approved June 27, 1942, entitled "An act to authorize the appointment of commissioned warrant and warrant officers to commissioned rank in the line and staff corps of the Navy, Marine Corps, and Coast Guard, and for other purposes."

(S. 973 is as follows:)

[S. 973, 78th Cong., 1st sess.]

A BILL To amend sections 2 and 4 of the Act approved June 27, 1942, entitled "An Act to authorize the appointment of commissioned warrant and warrant officers to commissioned rank in the line and staff corps of the Navy, Marine Corps, and Coast Guard, and for other purposes."

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act to authorize the appointment of commissioned warrant and warrant officers to commissioned rank in the line and staff corps of the Navy, Marine Corps, and Coast Guard, and for other purposes," approved June 27, 1942 (56 Stat. 621), is hereby amended by adding thereto the following: "*Provided further*, That with respect to those officers who, because of service conditions (a) are unable to apply for appointment or examination prior to June 27, 1943, or (b) who make such application but are not examined prior to said date, the foregoing limitation shall not apply until June 30 of the fiscal year following that in which the present war shall terminate."

SEC. 2. That section 4 of said Act of June 27, 1942, is hereby amended by adding the following proviso: "*Provided*, That any officer described in the second proviso of section 2 of this Act shall, upon appointment, take rank with other officers in the order of seniority that would have been assigned had he been appointed prior to June 27, 1943."

The CHAIRMAN. All right, Commander Hederman, proceed.

STATEMENT OF COMMANDER T. H. HEDERMAN, UNITED STATES NAVY

Commander HEDERMAN. The purpose of the bill now before the committee is to continue the eligibility of commissioned warrant and warrant officers to commissioned grades until opportunity for examination may be afforded.

On June 27, 1942, the basic law was enacted, authorizing the appointment of warrant officers to commissioned grades and establishing certain age and service limitations for the respective ranks, with the express provisions that these limitations shall not apply until 1 year subsequent to the date of the approval of the act.

In consequence of war conditions, many applicants are at stations where there are no facilities for taking the examinations prerequisite to appointment. Through no fault of their own, such applicants, if they have already reached the ineligible age, or reach it before they can be examined, are thereby denied the appointments for which they would have been eligible if examined and appointed prior to June 27, 1943.

Others having the desired qualifications have been prevented by service conditions from making application for appointment or examination—prisoners of war are good examples.

The proposed amendment to section 2 of the act would preserve the eligibility of such commissioned warrant and warrant officers to appointment as commissioned officers under the act by providing, as to them, that the time when the limitation on account of eligible age becomes effective shall be June 30 of the fiscal year following that in which the present war shall terminate.

The proposed amendment to section 4 would accord to each such officer, upon appointment, the seniority in rank which he would have been assigned had he been appointed prior to June 27, 1943.

The Navy Department initiated the proposal and recommends its enactment. The Bureau of the Budget has cleared its submission to Congress.

The CHAIRMAN. It only applies to warrant officers?

Commander HEDERMAN. Applies to warrant officers; yes, sir.

And it does give them a chance, at least those out in the field, that because of this restriction that was put in last year, which expires June 27 this year, they may be prevented by their service or station from taking the examination or making application and we want to let them know that we are thinking about them and because of the fact that they could not apply or take the examination does not mean that they are finished or deprived of a chance for a permanent promotion.

The CHAIRMAN. Warrant officers were given this opportunity, but they had to make application before what date?

Commander HEDERMAN. June 27, 1943.

The CHAIRMAN. That is, of this year?

Commander HEDERMAN. Yes, sir.

The CHAIRMAN. And to have these men that were eligible to make application, take the examination, and who are now prisoners of war, it would preserve their rights?

Commander HEDERMAN. That is right; yes, sir.

The CHAIRMAN. And, unless we change the law and in the way you suggest they would suffer and have their rights curtailed by reason of the fact that they were prisoners of war?

Commander HEDERMAN. Yes, sir.

The CHAIRMAN. Are there any other questions?

(No response.)

The CHAIRMAN. Very well—pass it.

(Thereupon, the committee proceeded to the consideration of other bills.)

S. 994

The CHAIRMAN. The next bill is Docket 61, S. 994, a bill to authorize the appointment as ensigns in the Coast Guard of all graduates of the Coast Guard Academy in 1945 and thereafter, and for other purposes.

(S. 994 is as follows:)

[S. 994, 78th Cong., 1st sess.]

A BILL To authorize the appointment as ensigns in the Coast Guard of all graduates of the Coast Guard Academy in 1945 and thereafter, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized, by and with the advice and consent of the Senate, to appoint as ensigns in the line of the Coast Guard all cadets who in 1945 and thereafter graduate from the Coast Guard Academy: *Provided*, That the number of cadets appointed annually to the Coast Guard Academy in 1943 and each year thereafter shall not exceed three hundred.

The CHAIRMAN. A similar bill passed the House and was sent to the Committee on Commerce in the Senate. It will probably be referred to this committee because Senator Bailey is away. I understand that there is an immediate action that must be taken before—

Admiral GORMAN. Before May 12.

The CHAIRMAN. In the meantime, I introduced a bill at the request of the Navy and the committee will consider the Senate bill. Did the House make any changes in the House bill?

Admiral GORMAN. I think not, sir.

The CHAIRMAN. Very well; give us your reason for this bill.

STATEMENT OF REAR ADMIRAL FRANK J. GORMAN, UNITED STATES COAST GUARD, ACCOMPANIED BY LT. COMMANDER W. E. KOKEN, UNITED STATES COAST GUARD

Admiral GORMAN. The purpose of this bill, Mr. Chairman, is to authorize the appointment as ensigns in the Regular Coast Guard of all cadets who in 1945 and thereafter graduate from the Coast Guard Academy. The necessity for this bill is brought about by the statutory limit of 838 on the number of Regular officers in the Coast Guard and that legislation which, for the duration of the war, places the commissioned strength of the Coast Guard on a temporary basis.

This legislation is similar to that which accomplished the same thing for the Navy under the temporary promotion bill and its amendments which did away with the various computations and grades and so forth.

Although at the present time the authorized commissioned strength of the Coast Guard is 9,000 officers, only 838 of that number can be Regular officers, the remainder being officers of the Coast Guard Reserve or temporary officers.

At the present time there are 691 Regular officers in the service, with 82 graduating in May 1943, which together with the estimated losses will make 754 Regular officers in the service on June 30 of this year. In 1944, 103 graduates from the academy with estimated losses, will cause the number of Regular officers to reach 838, which is the authorized number. At the present time the third class in the academy, consisting of 121 cadets, will graduate in 1945 and these cadets could not become commissioned in the Regular Coast Guard unless this bill is enacted.

Furthermore, it would be impossible to appoint an incoming class next month to graduate in 1946 with the assurance that the graduates would be commissioned upon satisfactorily completing their 3-year course in 1946 unless this bill is enacted. The normal course at the Coast Guard Academy is 4 years but during the war it has been reduced to 3 years.

The CHAIRMAN. I do not see how we are stopped in any way from taking care of the graduates this year.

Admiral GORMAN. No, sir; we can take care of them.

The CHAIRMAN. The reason you would like to have this bill enacted without delay is that you would like to have the assurance, when the examinations are held for the classes that will graduate 3 years from now, that they will be assured of being given a commission.

Admiral GORMAN. That is correct, Mr. Chairman.

The CHAIRMAN. That is, upon their graduation.

Admiral GORMAN. Yes, sir.

The CHAIRMAN. So, I do not think the date of May 12 itself, while seemingly desirable, is necessarily vital.

Admiral GORMAN. It is desirable in this respect, sir:

As you know, under the B-12 program, nearly 100,000 graduates of high school are going to get into competition for private courses leading to commissions in the Army, Navy and Marine Corps. We have 1,300 candidates for the competitive examination to be held on the 12th of May. From among those passing the examination we will appoint approximately 150 cadets.

We have had many inquiries from, and on behalf of these candidates as to whether or not graduating cadets would be commissioned in

the regular Coast Guard. In other words, it is a question of entering upon a career, or, for the duration of the war. To assure the candidates of a career is the reason we think it very desirable to have this legislation.

The CHAIRMAN. Do you select your candidates upon standing at the examinations?

Admiral GORMAN. Yes, sir; plus personal interviews.

The CHAIRMAN. And military aptitude tests?

Admiral GORMAN. Yes, sir.

The CHAIRMAN. You have the adaptability tests after you find out the grades of those men; is that not so?

Admiral GORMAN. Yes, sir; the grade and then the military aptitude tests.

The CHAIRMAN. And you give those tests to those who are highest in the examination?

Admiral GORMAN. That is correct, Mr. Chairman.

You see, with ordinarily from 1,200 to 2,000 candidates and only 100 or 150 to be appointed, we have to have an elimination series, and to accomplish this the examination is made more or less exacting in mathematics and English, which reduces the number to the minimum.

Senator LUCAS. I presume there is no question about the necessity for the program.

Admiral GORMAN. Pardon me, sir?

Senator LUCAS. I presume there is no question about the necessity for this type of manning program.

Admiral GORMAN. We are simply providing for the regular annual increment of Regular officers to offset the attrition in future years. It is extremely desirable that 1, 2, 3, or 4 years do not lapse between appointments, since that would result in a so-called hump and make the administration of the service in the future years very difficult by having a large number of officers of the same grade, instead of a proportionate distribution among the several grades necessary for the proper administration of the service.

Senator LUCAS. And this year you actually need officers?

Admiral GORMAN. There is no question about that. We have now only about 650 Regular officers and some 3,000 temporary and Reserve officers. That little nucleus of Regular officers is pretty thinly spread, as you can see, sir.

The CHAIRMAN. You may have to get another law in the next year.

Admiral GORMAN. No, sir; we would not need another until after the war, because the service will probably have to be revamped or realigned after the war, and it is impossible now to forecast the need for Regular officers.

Senator BREWSTER. Do I understand that it is presupposed by this bill that all those who do graduate will be Regular officers?

Admiral GORMAN. That is correct. They will be commissioned in the Regular Coast Guard. We have approximately 300 at the Academy now. Our annual induction is about 150 cadets and has been for the last 3 or more years.

The CHAIRMAN. Thank you, gentlemen.

That is all now, thank you.

(Whereupon, the committee proceeded with the consideration of other matters.)



AMENDING SECTION 7 (C) OF THE ACT OF MAY 21, 1920
(41 STAT. 613), AS AMENDED BY SECTION 601 OF THE ACT
OF JUNE 30, 1932 (47 STAT. 417)

MAY 13 (legislative day, MAY 12), 1943.—Ordered to be printed

Mr. WALSH, from the Committee on Naval Affairs, submitted the
following

REPORT

[To accompany S. 972]

The Committee on Naval Affairs, to whom was referred the bill (S. 972) to amend section 7 (c) of the act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the act of June 30, 1932 (47 Stat. 417), having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

In general, under existing laws, moneys appropriated by the Congress must be obligated before the end of the fiscal year and payments must be completed within 2 years thereafter. Unless funds are obligated before the end of the fiscal year the authority to obligate these funds lapses, and unless payments are made within 2 years the moneys appropriated revert to the surplus fund of the Treasury.

There are exceptions to the procedures outlined above. For example, moneys appropriated for the construction of naval vessels are made available until expended. Furthermore, orders placed by one Government department or agency with another do not always have the same status as orders placed with a private concern. For example, the Navy Department may place an order with a private concern prior to the end of a fiscal year and obligate the funds appropriated to it for a particular purpose. Orders placed by the War Department with the Navy Department may be obligated in a similar manner, but orders placed by the Navy Department with the War Department may not be obligated in this manner.

In order to avoid competition between two Government departments, the Navy Department procures from, or orders through the War Department, all of its small arms, all of its small-arms ammunition, and a large part of the field artillery used by the Marine Corps. Due to the inability of the War Department to obligate Navy funds

allocated to it for the purchase of small arms, and so forth, in the same manner that the Navy obligates funds to a private concern, the War Department is unable to handle Navy contracts efficiently in all cases.

The purpose of the bill is to provide that orders placed by one Government department or agency with another shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors, and that advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury. The legislation repeals section 8 of the act approved June 22, 1936 (49 Stat. 1648).

The Comptroller General has advised that the bill would give to the War Department and other governmental agencies the same latitude, as to availability of moneys set up in working funds, as that now enjoyed by the Navy Department.

The Navy Department is unable to make any worth-while estimate of the cost to the Government if the bill is enacted into law.

The bill was introduced at the request of the Navy Department, has the approval of the Comptroller General, and has been cleared by the Bureau of the Budget.

The following excerpts from a letter of the Secretary of the Navy to the Speaker of the House of Representatives are hereby made a part of this report:

Prior to the enactment of the act of June 22, 1936 (49 Stat. 1648), section 7 (c) of the act of May 21, 1920 (41 Stat. 613, 31 U. S. C. 686), as amended by section 601 of the act of June 30, 1932 (47 Stat. 417), provided that interdepartmental orders placed as provided by section 7 (a), as amended, of the act of May 21, 1920, shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors, and that advance payments credited to special working funds shall remain available until expended.

By section 8 of the act approved June 22, 1936 (49 Stat. 1648), it was provided that after June 30, 1936, such advance payments should have no longer period for availability than the appropriation from which the advance payments are made.

The bill repeals section 8 of the act of June 22, 1936, and substitutes, in respect of advance payments, a provision that they shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury.

The bill places intergovernmental orders placed in accordance with section 701 (a) upon the same basis as private contract obligations, insofar as their obligation upon appropriations and the availability of advance payments are concerned.

Under the act of June 2, 1937 (50 Stat. 245), the continuing obligation of orders and requisitions placed by the Navy Department with other governmental agencies was provided for, but corresponding provision for the War Department and other governmental agencies does not appear to exist.

Under present conditions of scarcity of materials and supplies, and of allotments and priorities, there is a continuous liaison between the Navy and War Departments in procurement, and many intergovernmental orders are placed. These are placed and accepted in good faith, but changing conditions often require changes in and adjustments of the program, with the result that certain deliveries are deferred. Without any fault on the part of the department accepting an order, it might notify the ordering department, several months after the order is placed, that delivery was to be deferred. Such information frequently comes in too late to enable the ordering department to utilize alternative methods of procurement

prior to the end of the appropriation period, with the result that the appropriation for previously authorized parts of the procurement program fails, though such parts remain essential to the prosecution of the war.

While, as noted above, the Navy Department has authority under the act of June 2, 1937, to obligate its appropriations by such intergovernmental orders, the Navy Department is impeded in carrying out its program, by the fact that the War Department does not have corresponding authority, so that the latter Department, through lapse of time, is debarred from paying the Navy Department on the orders necessarily delayed.



Calendar No. 230

78TH CONGRESS
1ST SESSION

S. 972

[Report No. 231]

IN THE SENATE OF THE UNITED STATES

APRIL 7 (legislative day, APRIL 6), 1943

Mr. WALSH introduced the following bill; which was read twice and referred to the Committee on Naval Affairs

MAY 13 (legislative day, MAY 12), 1943

Reported by Mr. WALSH, without amendment

A BILL

To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417).

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 7 (c) of the Act entitled "An Act making
4 appropriations for fortifications and other works of defense,
5 for the armament thereof, and for the procurement of heavy
6 ordnance for trial and service, for the fiscal year ending June
7 30, 1921, and for other purposes", approved May 21, 1920
8 (41 Stat. 613), as amended by section 601 of the Act of
9 June 30, 1932 (47 Stat. 417; 31 U. S. C. 686), is hereby
10 amended to read as follows:

1 “(c) Orders placed as provided in subsection (a) shall
2 be considered as obligations upon appropriations in the same
3 manner as orders or contracts placed with private contractors.
4 Advance payments credited to special working funds shall
5 remain available to the procuring agency for entering into
6 contracts and other uses during the fiscal year or years for
7 which the appropriation involved was made and thereafter
8 until said appropriation lapses under the law to the surplus
9 fund of the Treasury.”

10 SEC. 2. Section 8 of the Act approved June 22, 1936
11 (49 Stat. 1648), is hereby repealed.

A BILL

To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417).

By Mr. WALSH

APRIL 7 (legislative day, April 6), 1943
Read twice and referred to the Committee on Naval
Affairs

MAY 13 (legislative day, May 12), 1943
Reported without amendment

78TH CONGRESS
1ST SESSION

S. 972

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 1943

Referred to the Committee on Expenditures in the Executive Departments

AN ACT

To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417).

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled.*
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5 remain available to the procuring agency for entering into
6 contracts and other uses during the fiscal year or years for
7 which the appropriation involved was made and thereafter
8 until said appropriation lapses under the law to the surplus
9 fund of the Treasury.”

10 SEC. 2. Section 8 of the Act approved June 22, 1936
11 (49 Stat. 1648), is hereby repealed.

Passed the Senate May 20, 1943.

Attest:

EDWIN A. HALSEY,

Secretary.

AN ACT

To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417).

MAY 21, 1943

Referred to the Committee on Expenditures in the
Executive Departments

Union Calendar No. 189

78TH CONGRESS
1ST SESSION

S. 972

[Report No. 528]

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 1943

Referred to the Committee on Expenditures in the Executive Departments

JUNE 7, 1943

Committed to the Committee of the Whole House on the state of the Union
and ordered to be printed

AN ACT

To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417).

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 7 (c) of the Act entitled "An Act making
4 appropriations for fortifications and other works of defense,
5 for the armament thereof, and for the procurement of heavy
6 ordnance for trial and service, for the fiscal year ending June
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6 contracts and other uses during the fiscal year or years for
7 which the appropriation involved was made and thereafter
8 until said appropriation lapses under the law to the surplus
9 fund of the Treasury.”

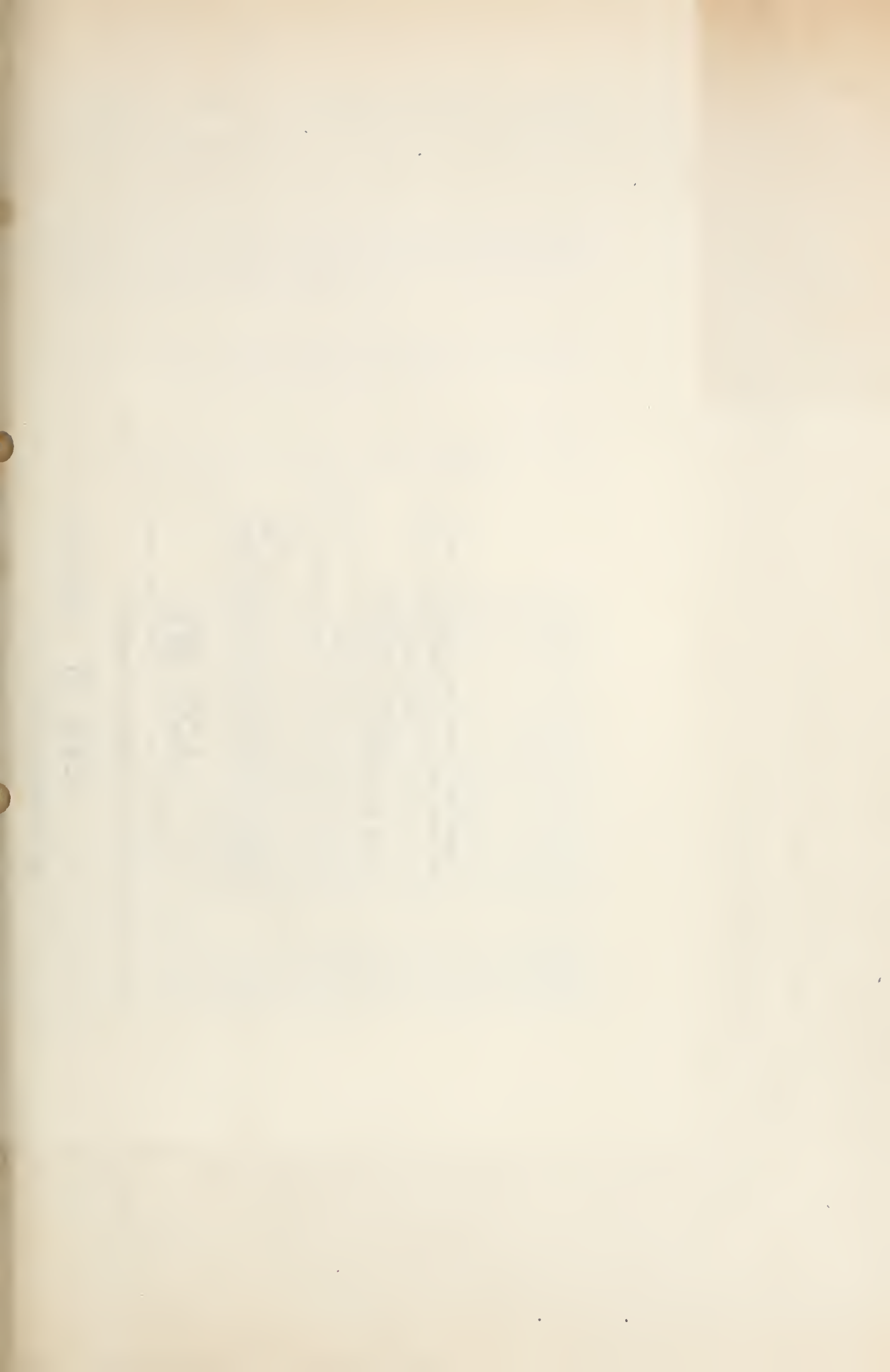
10 SEC. 2. Section 8 of the Act approved June 22, 1936
11 (49 Stat. 1648), is hereby repealed.

Passed the Senate May 20, 1943.

Attest:

EDWIN A. HALSEY,

Secretary.



78TH CONGRESS
1ST Session

S. 972

[Report No. 528]

AN ACT

To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417).

MAY 21, 1943

Referred to the Committee on Expenditures in the
Executive Departments

JUNE 7, 1943

Committed to the Committee of the Whole House on
the state of the Union and ordered to be printed

AMENDING SECTION 7 (C) OF THE ACT OF MAY 21, 1920
(41 STAT. 613), AS AMENDED BY SECTION 601 OF THE
ACT OF JUNE 30, 1932 (47 STAT. 417)

JUNE 7, 1943.—Committed to the Committee of the Whole House on the state of
the Union and ordered to be printed

Mr. WHITTINGTON, from the Committee on Expenditures in the Exec-
utive Departments, submitted the following

REPORT

[To accompany S. 972]

The Committee on Expenditures in the Executive Departments, to whom was referred the bill (S. 972) amending section 7 of the act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the act of June 30, 1932 (47 Stat. 417), having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The purpose of this legislation is to cure nonuniformity in handling orders that are placed with Government departments as compared to orders that are placed with private contractors. The amelioration does not run to deliveries but to the administrative acts connected with placing the orders. The bill provides that orders placed by one Government department or agency with another shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. Advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury.

Under the act of June 2, 1937 (50 Stat. 245), the continuing obligation of orders and requisitions placed by the Navy Department with other governmental agencies was provided for, but corresponding provision for the War Department and other governmental agencies does not appear to exist and this legislation is designed to remedy the situation.

In an endeavor to avoid competition between the War and Navy Departments it is necessary for Navy to buy some materials through the War Department, but the War Department is not able to obligate the funds as the private contractors might, had Navy been able to deal with the private contractors directly. It is to avoid the duplication of effort which would then result by Navy having to place new orders under new appropriations, that this legislation has been reported.

As stated by the Secretary of the Navy, under present conditions of scarcity of materials and supplies and of allotments and priorities, there is a continuous liaison between the Navy and War Departments in procurement and many interdepartmental orders are placed. These are placed and accepted in good faith, but changing conditions often require changes in and adjustments of the program with the result that certain deliveries are deferred. Without any fault on the part of the department accepting an order, it might notify the ordering department several months after the order is placed, that delivery was to be deferred. Such information frequently comes in too late to enable the ordering department to utilize alternative methods of procurement prior to the end of the appropriation period, with the result that the appropriation for previously authorized parts of the procurement program lapses, though such parts remain essential to the requesting department for the prosecution of the war. As it now stands, the War Department, through lapse of time, is debarred from paying the Navy Department on orders necessarily delayed. The result is not only considerable duplication of work in both departments, but delay consequent upon loss of priority of the duplicate order.

There follows a copy of the bill under consideration together with the letter from the Secretary of Navy addressed to the Speaker of the House and referred by him to the House Committee on Expenditures in the Executive Departments, dated April 5, 1943, recommending the legislation with the approval of the Director of the Budget.

[S. 972, 78th Cong., 1st sess.]

AN ACT To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That section 7 (c) of the Act entitled "An Act making appropriations for fortifications and other works of defense, for the armament thereof, and for the procurement of heavy ordnance for trial and service, for the fiscal year ending June 30, 1921, and for other purposes", approved May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417; 31 U. S. C. 686), is hereby amended to read as follows:

"(c) Orders placed as provided in subsection (a) shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. Advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury."

SEC. 2. Section 8 of the Act approved June 22, 1936 (49 Stat. 1648), is hereby repealed.

Passed the Senate May 20, 1943.

Attest:

EDWIN A. HALSEY,
Secretary.

DEPARTMENT OF THE NAVY,
Washington, April 5, 1943.

HON. SAM RAYBURN,
Speaker of the House of Representatives.

MY DEAR MR. SPEAKER: There is transmitted herewith a draft of a proposed bill to amend section 7 (c) of the act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the act of June 30, 1932 (47 Stat. 417).

The purpose of the proposed legislation is to provide that orders placed by one Government department or agency with another shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors, and that advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury. The proposed legislation repeals section 8 of the act approved June 22, 1936 (49 Stat. 1648).

Prior to the enactment of the act of June 22, 1936 (49 Stat. 1648), section 7 (c) of the act of May 21, 1920 (41 Stat. 613, 31 U. S. C. 686), as amended by section 601 of the act of June 30, 1932 (47 Stat. 417), provided that interdepartmental orders placed as provided by section 7 (a), as amended, of the act of May 21, 1920, shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors, and that advance payments credited to special working funds shall remain available until expended.

By section 8 of the act approved June 22, 1936 (49 Stat. 1648), it was provided that after June 30, 1936, such advance payments should have no longer period for availability than the appropriation from which the advance payments are made.

The proposed legislation repeals section 8 of the act of June 22, 1936, and substitutes, in respect of advance payments, a provision that they shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury.

The proposed legislation places intergovernmental orders placed in accordance with section 701 (a) upon the same basis as private contract obligations, insofar as their obligation upon appropriations and the availability of advance payments are concerned.

Under the act of June 2, 1937 (50 Stat. 245), the continuing obligation of orders and requisitions placed by the Navy Department with other governmental agencies was provided for, but corresponding provision for the War Department and other governmental agencies does not appear to exist.

Under present conditions of scarcity of materials and supplies, and of allotments and priorities, there is a continuous liaison between the Navy and War Departments in procurement, and many intergovernmental orders are placed. These are placed and accepted in good faith, but changing conditions often require changes in and adjustments of the program, with the result that certain deliveries are deferred. Without any fault on the part of the department accepting an order, it might notify the ordering department, several months after the order is placed, that delivery was to be deferred. Such information frequently comes in too late to enable the ordering department to utilize alternative methods of procurement prior to the end of the appropriation period, with the result that the appropriation for previously authorized parts of the procurement program fails, though such parts remain essential to the prosecution of the war.

While, as noted above, the Navy Department has authority under the act of June 2, 1937, to obligate its appropriations by such intergovernmental orders, the Navy Department is impeded in carrying out its program, by the fact that the War Department does not have corresponding authority, so that the latter Department, through lapse of time, is debarred from paying the Navy Department on the orders necessarily delayed.

The Comptroller General has advised that the proposed legislation would give to the War Department and other governmental agencies the same latitude, as to availability of moneys set up in working funds, as that now enjoyed by the Navy Department.

The draft of the proposed bill is in the form prepared and approved by the Comptroller General. The Bureau of the Budget has advised that there would be no objection to the submission of the proposed bill to the Congress in this form.

It is impossible to make any worthwhile estimate of the cost of the proposed legislation.

The Navy Department recommends enactment of the proposed legislation.

Sincerely yours,

FRANK KNOX.

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

Section 7 (c) of the act of May 21, 1920, as amended:

(c) Orders placed as provided in subsection (a) shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. Advance payments credited to [a] special working [fund] funds shall remain available [until expended] *to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury.*

Section 8 of the act approved June 22, 1936 (49 Stat. 1648):

[After June 30, 1936, advance payments under the provisions of title VI; part II, of the Legislative Appropriation Act for the fiscal year 1933, shall have no longer period of availability for obligation than the appropriation from which such advance payments are made.]



Everything on the home front inconsistent with the maximum production of weapons of war, indifference among management or employees, unnecessary absenteeism, overconfidence, industrial disputes, lock-outs, strikes, suspension of work or stoppages of any kind must not be engaged in and will not be tolerated by the great majority of the people at home. There should be no one on the civilian front, as a matter of fact, who should tolerate or engage in such actions. One thing we must rest assured of and that is that such actions will be opposed and condemned by 100 percent of those who wear the uniform in this war.

The SPEAKER. The time of the gentleman has expired.

Mr. RANKIN. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, it seems to me that nothing is more important at this critical hour than a discussion of the very question raised by the gentleman from Massachusetts [Mr. McCORMACK]. When the Assistant Secretary of War stated that our production of war materials had fallen off 5½ percent from what it was in a previous month, he was giving us sound, vital information upon which it is necessary for the Congress and the administration to act if we are going to win this war.

The administration is now reaping what it has sowed. I predicted when they put through the Walsh-Healey Act, when they passed the Wagner Act and rammed through the wages and hours bill, in violation of all logic and in disregard of everything for which both political parties and all political philosophers on whom we had ever relied have stood, we would come to the very show-down we now face.

In every community today the crepes are appearing on the doorknobs of homes of boys who are dying on every battlefield in the world. Every time there is a slow-down, whether it is dictated by John L. Lewis, Phil Murray, Bill Green, or anyone else, it deprives those boys of the weapons of war, and they pay for it with their lives.

The best paid laborers on the face of this earth are the men and women today who are working in war industries in America. Their pay is all out of line with that of the farmer or the soldier, all out of line with what such workers are receiving in other countries; and yet we find this wholesale coal strike that virtually paralyzes our war effort in a large number at least of the essential factories that are producing war materials. We find this week a strike of foremen in a Detroit aircraft plant at a time when the boys on Guadalcanal, the boys in north Africa, the boys on the high seas, who are going down in flaming seas of oil, and who cannot strike except at the enemy, are all suffering for want of the weapons of war these workers are supposed to be supplying.

Mr. MAY. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Kentucky.

Mr. MAY. If the gentleman will examine the hearings of the House military Affairs Committee on the numerous bills we have had recently he will find that

the foremen of the country are seeking to organize as an independent union which means that there will be nobody to bargain collectively.

Mr. RANKIN. Oh, yes; some of them want to take over the Government. That is the trouble with this bureaucracy, that is the trouble with certain exclusive labor organizations that are dominated by a few labor racketeers. The average member has no voice in the matter. I think it is about time we let them know that the American people are going to run this country through the Congress, the Senate and House of Representatives, and the President of the United States. They have threatened me with political destruction, but I want to say that one of the least punishments they could inflict on me, or on my country perhaps, would be to defeat me for reelection for Congress.

I am ready to meet the responsibility of wiping those laws from the statute books, if necessary, and putting teeth in legislation that will prohibit and prevent the slowing down of these war industries or any other industries supplying the material or the fuel necessary to carry these industries on. We cannot afford to lose this war.

Mr. COX. Will the gentleman yield for a very brief observation?

Mr. RANKIN. I yield to the gentleman from Georgia.

Mr. COX. The gentleman recalls that several months ago I said on the floor of this House that we were already operating under a labor government that was rapidly running into a labor dictatorship which, if not stopped, would soon advance to the stage of despotism. We are now in the stage of dictatorship.

Mr. RANKIN. Some of the very same forces that are stirring up these strikes are stirring up race riots throughout the country. They seem determined that the American people must fight a race war, and a racketeers' war, at a time when we are taking every boy and every man available and sending them to the battle front. I am sorry the President did not sign the antistrike bill the day it struck his desk. I wish he would sign it now and put an end to the uncertainty. I regret that we could not make it stronger. The fate of America may be at stake in this controversy. The President should act now. Tomorrow may be too late.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ORDERS PLACED BY ONE GOVERNMENT DEPARTMENT WITH ANOTHER

The Clerk called the next bill, S. 972, to amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417).

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. CASE. Reserving the right to object, Mr. Speaker, may I ask either the sponsor of the bill or the chairman of the committee reporting it what the purpose of this bill is.

Mr. WHITTINGTON. This bill provides that orders placed by one Government department or agency with another shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. It is requested by the Secretary of the Navy, as shown by the committee report.

I am advised that concretely the purpose of this bill is to provide that when the Navy, as it does, procures from the Army small arms and ammunition, as well as a large part of the field artillery used by the Marine Corps, it shall give the Army the same time in which to construct that equipment and deliver it as the Navy would give if it made a contract directly with a contractor. In other words, this is to put the Army in the same position in the delivery under a contract with the Navy with respect to small arms that an independent contractor would be if the contract were made with the contractor rather than with the Army.

The Comptroller General has advised that the bill would give to the War Department and other governmental agencies the same latitude as to the availability of moneys set up in working funds as is now enjoyed by the Navy Department. The Navy Department advises that this bill should pass now because we are approaching the end of the fiscal year, and if it does not pass, many orders for small arms and ammunition, given to the Army, will have to be made over again, inasmuch as they will lapse with the close of the current year.

Mr. CASE. I have read the report as carefully as I could in the limited time available since the bill was called to my attention. It would appear that the bill seeks to extend the availability of funds appropriated to various Government agencies, and in particular, according to the explanation given in the report, it is intended to continue the availability indefinitely of appropriations made for the War Department. It is stated that the Navy Department already has this privilege, but the privilege does not extend to the funds of the War Department, yet the request for the bill comes from the Navy Department and there is no report of any request from the War Department.

It occurs to me that there is fundamentally a sound reason for a distinction between the making of funds permanently available to the Navy and to the Army, and that goes back to the constitutional provision that Congress shall have power to raise and support armies but that no appropriation of money to that use shall be for a longer term than 2 years.

Mr. WHITTINGTON. I may say to the gentleman that while, as I have stated, this bill comes to the Congress at the request of the Secretary of the Navy, the reason the request is made by the Navy is that it is the Navy that is primarily interested

Mr. CASE. But apparently money of the Army or the War Department is involved and there is a basic question in the extension of availability to Army funds indefinitely.

Mr. WHITTINGTON. I will try my best to answer the gentleman's question.

Mr. CASE. In view of the fact that the request comes from the Navy Department to affect Army appropriations, in view of the fact that this legislation has not been called to the attention of the Appropriations Subcommittee which makes appropriations for the War Department, and in view of the fact that we specifically try to place limitations upon the availability of funds for the War Department, I am constrained to ask that the bill go over without prejudice at this time.

Mr. WHITTINGTON. Will the gentleman withhold his request temporarily so that I may make this statement, and then the gentleman may pursue his course.

Mr. CASE. I withhold it, Mr. Speaker.

Mr. WHITTINGTON. May I say to the gentleman that the Navy Department informed me and the committee which considered the bill that this request was made by the Navy Department primarily because the Navy Department is affected. The Navy Department already has the power that it requests the Army be given in this case. It does not affect the Army except as to orders placed with the Army by the Navy Department, and I am advised that such is its purpose.

This bill does not propose to extend the time for contracts indefinitely. The bill, as it states on its face, only proposes to extend the time as the Navy now has the time to get its contracts performed by private contractors. As it states, the bill provides that orders placed by one Government department or agency with another shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. It further provides that, and I quote from the bill:

Advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury.

I am advised and I have before me a letter from the Secretary of the Navy to the effect that the reason it is imperative that the bill be passed as promptly as possible is to utilize the remaining days of the fiscal year to clear those transactions that still remain to be completed between the Army and the Navy, involving among other transactions the arms and munitions to which I have referred, consisting of small arms, cannon, and ammunition, for which the Navy makes contracts with the Army because the Army manufactures those arms, these contracts being made in an effort to avoid competition.

Mr. CASE. The bill apparently is intended to extend the availability of certain funds to the War Department. As

a member of the committee which has placed certain limitations upon the availability of Army funds, I must ask that the bill go over without prejudice until we can have an opportunity to determine whether or not the War Department really wants this. There is nothing in the report to indicate their attitude.

Mr. WHITTINGTON. I repeat that this bill does not involve War appropriations; it involves Navy appropriations.

Mr. CASE. On that point, then, I think the record should show that the report states:

As it now stands, the War Department, through lapse of time, is debarred from paying the Navy Department on orders necessarily delayed.

Consequently, it would appear by the language in the report that funds of the War Department are involved.

Mr. WHITTINGTON. The gentleman is in error. The bill and the report as a whole show that only Navy appropriations are involved.

Mr. CASE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

BRIDGE ACROSS MISSOURI RIVER, GARRISON, N. DAK.

The Clerk called the bill (S. 650) to revive and reenact the act entitled "An act granting the consent of Congress to the State of North Dakota to construct, maintain, and operate a free highway bridge across the Missouri River at or near Garrison, N. Dak.," approved February 10, 1932.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act approved February 10, 1932 (heretofore extended by an act of Congress approved February 14, 1933, June 12, 1934, May 24, 1935, June 5, 1936, June 16, 1938, and May 24, 1939), granting the consent of Congress to the State of North Dakota to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at or near Garrison, N. Dak., be, and is hereby, revived and reenacted: *Provided,* That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 1, line 4, after "by", strike out "an act" and insert "acts."

Page 1, line 5, after "June 5, 1936," insert "March 24, 1937."

Page 2, line 4, after "within", strike out "1 year" and insert "2 years."

Page 2, line 5, after "within", strike out "three" and insert "four."

The committee amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS MISSISSIPPI RIVER, BROOKLYN CENTER, MINN.

The Clerk called the bill (H. R. 2649) to revive and reenact the act entitled "An

act granting the consent of Congress to the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the village of Brooklyn Center, Minn." (Public Law 525, 77th Cong.).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act approved April 20, 1942, granting the consent of Congress to (or authorizing) the State of Minnesota to construct, maintain, and operate a free highway bridge and approaches thereto across the Mississippi River, at or near the village of Brooklyn Center, Minn., be, and is hereby, revived and reenacted: *Provided,* That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 2 years and completed within 4 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 1, line 4, strike out the words "(or authorizing)."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to revive and reenact the act entitled 'An act granting the consent of Congress to the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the village of Brooklyn Center, Minn.,' approved April 20, 1942."

A motion to reconsider was laid on the table.

GENERAL TERM, DISTRICT COURT, ANCHORAGE, ALASKA

The Clerk called the bill (H. R. 1622) to provide for a general term of the District Court for the District of Alaska, at Anchorage, Alaska.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the last paragraph of section 4 of the act entitled "An act making further provision for a civil government for Alaska, and for other purposes," approved June 6, 1900 (31 Stat. 322), as amended by the act approved March 2, 1921 (41 Stat. 1204, U. S. C., title 48, sec. 102; Compiled Laws of Alaska, 1933, sec. 1092), is hereby amended to read as follows:

"One general term of court shall be held each year at Juneau, and such additional terms at other places in the first division as the Attorney General may direct. One general term of court shall be held each year at Nome, and such additional terms at other places in the second division as the Attorney General may direct. One general term of court shall be held each year at Anchorage, and such additional terms at other places in the third division as the Attorney General may direct. One general term of court shall be held each year at Fairbanks, and such additional terms at other places in the fourth division as the Attorney General may direct. Each of the judges is authorized and directed to hold such special terms of court as may be necessary for the public welfare or for the dispatch of the business of the court at such times and places in their respective divisions as any of them, respectively, may deem expedient, or as the Attorney General may direct; and each shall have authority to employ interpreters and to make allowances for the necessary expenses of his court and to employ an official court stenographer at

bridge across the Golden Gate was not only feasible, but that it could be built at a reasonable cost.

With the need for such a connecting link in the transportation facilities between the great empire to the north and the city of San Francisco constantly growing more important, a meeting of citizens was called in 1923 by Frank P. Doyle through the Santa Rosa Chamber of Commerce. At this meeting I introduced a resolution providing for the appointment of a citizens committee of five. This committee consisted of Joseph Hotchkiss, Frank L. Coombs, Capt. I. N. Hibbard, Frank P. Doyle, and myself.

In the months which followed, the citizens committee of five laid much of the groundwork which reached its culmination in the enactment of legislation by the California State Legislature creating the Golden Gate Bridge and highway district composed of San Francisco, Marin, Napa, Sonoma, Mendocino, and Del Norte Counties.

In the meantime, the Board of Supervisors of the City and County of San Francisco, of which I was a member, continued its active participation in the project by adopting the following resolution which I also introduced, and which was approved on September 7, 1923:

Whereas the commercial, financial, and economic development of the State of California, and particularly the cities and counties located on and adjacent to San Francisco Bay, would be accelerated by the establishment of modern and rapid transit facilities; and

Whereas tentative plans have been prepared by J. B. Strauss, of Chicago, and M. M. O'Shaughnessy, chief engineer of the city and county of San Francisco, for the construction of a bridge connecting the city and county of San Francisco and Marin County across the Golden Gate, which plans are both practical and economical: Now, therefore, be it

Resolved, That the War Department be respectfully petitioned to improve or correct, if necessary, the proposed plans for said bridge between the city and county of San Francisco and Marin County across the Golden Gate, and to order that a hearing be held in the near future, to determine whether or not said bridge would be a hindrance and obstacle to navigation in said waters.

Adopted: Board of Supervisors, San Francisco, September 4, 1923.

Ayes: Supervisors Bath, Colman, Deasy, Hayden, Hynes, McGregor, McSheehy, Morgan, Mulvihill, Powers, Robb, Rossi, Schmitz, Scott, Shannon, Welch, Wetmore—17.

Absent: Supervisor McLeran—1.

J. S. DUNNIGAN, Clerk.

Approved, San Francisco, September 7, 1923.

JAMES ROLPH, Jr., Mayor.

Because the bridge rests on Federal military reservations on either side of the Golden Gate and crosses navigable waters, it was necessary to secure a grant from the War Department. In reaching its conclusions on the issuance of this grant, the War Department held exhaustive hearings before United States Army Engineers in the city of San Francisco, at which the strategic importance of such a bridge in national defense plans was demonstrated. It was pointed out that the large number of military and naval establishments in and around San

Francisco at that time would be directly connected by the bridge and eliminate the use of the circuitous and antiquated ferry system, which required three-quarters of an hour as compared with less than 5 minutes by use of the bridge.

The important geographical and strategic location of San Francisco and the San Francisco Bay area to the security of this Government in the event of war in the Pacific and the fact that the bridge would bring the huge empire to the north of the Golden Gate into direct traffic communication with the great seaport city of San Francisco, were both emphasized. That high naval and military officials were aware of this importance is amply indicated by a statement made by Admiral Charles F. Hughes, while Chief of Naval Operations, in testifying before a congressional committee, when he said:

San Francisco Bay is, as you know, the principal harbor of the Pacific coast. To my mind it belongs to the Nation; it is not the property of California nor of the cities that are on its shores. For its natural advantages and its location San Francisco Bay is certain to be the major continental fleet base for any extensive campaign in the Pacific.

Full justification of these early predictions are to be found in the fact that today San Francisco is the greatest port of embarkation in this country, if not in the entire world, and that the San Francisco Bay area is a literal beehive of military and naval activity. Within that area are to be found the Presidio Reservation, one of the largest in the country, which was established during the Spanish regime, Fort Funston, Fort Mason, Fort Winfield Scott, Fort Miley, Fort Barry, Fort Baker, Mare Island Navy Yard, Hamilton Field Bombing Base, other great airfields and military establishments at Sacramento and Stockton, the Sausalito shipyards, the great naval base at Hunters Point, as well as a host of other war industrial establishments. In addition, a large percentage of food supplies and materials necessary to sustain our forces on the Pacific are produced in the Sacramento, Napa, and Sonoma Valleys and in the great redwood empire. They are brought into San Francisco over the Golden Gate Bridge.

On December 20, 1924, the then Secretary of War, John W. Weeks, in a communication addressed to me as chairman of the commercial development and bridge committee of the board of supervisors, stated that the project met with the entire approval of the War Department. He instructed the proponents to proceed with their plans and advised them of the conditions under which this approval was given and the permit granted.

Immediately following this the construction of the Golden Gate Bridge was assured, for the necessary State legislation was then enacted creating the Golden Gate Bridge and highway district. An election was held under the provisions of the laws of the State of California to provide a bond issue of \$35,000,000 to finance the project, which

required a two-thirds majority favorable vote.

Because of the interest shown throughout the preliminary stages by Joseph B. Strauss in gratuitously furnishing his services, a contract was entered into appointing him as chief engineer. Associated with him at the expressed request of the bridge directorate, of which William P. Filmer was chairman, were Messrs. O. H. Ammann and Leon S. Moisseiff, world renowned bridge engineers, whose contributions were largely responsible for changing the design of the bridge from the ugly cantilever type originally proposed, to the graceful suspension bridge now spanning the Golden Gate.

And in that connection, Mr. Speaker, I may be forgiven for my pardonable pride in having been directly associated with the Golden Gate Bridge from its inception, both as a member of the original citizens committee of five and officially as a director of the Golden Gate Bridge and highway district from its creation to the present time.

The value of the Golden Gate Bridge to national defense is further demonstrated by the fact that practically all north and south troop and supply movements along the entire Pacific coast pass over the bridge to save the time which would be lost by the use of a long-since-outmoded privately owned ferry system. The value of the time-saving bridge would be incalculable in the event of an attempted invasion at any point along the Pacific coast.

As I have already stated, this great bridge is one of the engineering marvels of modern times. It is the longest single clear-span bridge in the world, being 4,200 feet in length. It is 700 feet longer than the George Washington Memorial Bridge, which crosses the Hudson River. The towers, which support 36-inch cables, carry the full weight of the bridge span and are 746 feet above mean high water, or approximately 200 feet higher than the Washington Monument here in the Nation's Capital. These 36-inch cables contain approximately 80,000 miles of wire and were woven in place on the bridge at the rate of 173 tons of wire per day. The vertical load on each pier is 164,800,000 pounds, and they are sunk into bedrock. Their great size can probably be appreciated to some extent by a description of the south pier at the San Francisco end of the bridge. Its depth extends from 44 feet above to 100 feet below the water level, its base area is 80 feet by 160 feet, while its top area is 65 feet by 140 feet, and it contains 152,311 cubic yards of concrete.

This magnificent structure was built during the depth of the depression and without a single dollar of Government aid, and it marks the triumph of public enterprise so well demonstrated by the city of San Francisco and her sister counties to the north.

Mr. ROLPH. Mr. Speaker, It was my privilege to accompany the gentleman from Massachusetts, Representative HOLMES, when he inspected the Golden Gate Bridge. On behalf of the people of my district I thank him for his generous and complete report of the Government

toll situation as it actually exists. I thank him for his remarks today.

The military and naval forces on official business will continue to pass over toll free. This is as it should be. For 90 different Government agencies to use this bridge toll free has been an abuse of every idea in the original permit. The distinguished Committee on Interstate and Foreign Commerce has unanimously passed H. R. 2912 and I trust the House itself will do likewise. It is in the interest of fair play to the taxpayers of the highway district.

Mr. LEA. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. J. LEROY JOHNSON. Mr. Speaker, responding to the inquiry raised by the gentleman from Mississippi [Mr. RANKIN] I want to point out that the Golden Gate Bridge, on each end, rests on property of the United States. This land was paid for and vast damages were paid to the National Government for the moving of certain buildings, the buildings still being intact and usable by the Government. While the bridge has been tremendously useful to the Nation during this war, not 1 cent of its cost was paid by the Federal Government. All the money came or will come out of the tolls collected or the taxes levied by the Golden Gate Bridge and highway district. It is only reasonable and fair that everything but military traffic should pay its way, when riding over the bridge. Ninety or more Governmental agencies, relations of military personnel, and others are now using this bridge free. This bill only provides that the traffic of that kind pay the toll the same as any citizen who uses the bridge.

Thank God that the citizens of this bridge district had the courage and the vision to build this bridge, which would be invaluable in the event of any attack on the San Francisco Bay area. They built it and are going to pay for it and all they ask is that "deadhead traffic," never dreamed of when the permit was granted, pay its way.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on H. R. 2183.

The SPEAKER pro tempore. Is there objection?

There was no objection.

AMENDING SECTION 7 (c) OF ACT OF MAY 21, 1920, AS AMENDED

Mr. WHITTINGTON. Mr. Speaker, I move to suspend the rules and pass the bill (S. 972) to amend section 7 (c) of the act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the act of June 30, 1932 (47 Stat. 417), which I send to the desk.

The SPEAKER pro tempore. The gentleman from Mississippi moves to suspend the rules and pass the bill S. 972, which the Clerk will report.

The Clerk read as follows:

Be it enacted, etc., That section 7 (c) of the act entitled "An act making appropriations for fortifications and other works of defense, for the armament thereof, and for the procurement of heavy ordnance for trial

and service, for the fiscal year ending June 30, 1921, and for other purposes", approved May 21, 1920 (41 Stat. 613), as amended by section 601 of the act of June 30, 1932 (47 Stat. 417; 31 U. S. C. 686), is hereby amended to read as follows:

"(c) Orders placed as provided in subsection (a) shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. Advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury."

SEC. 2. Section 8 of the act approved June 22, 1936 (49 Stat. 1648), is hereby repealed.

The SPEAKER pro tempore. Is a second demanded?

Mr. CASE. Mr. Speaker, I demand a second.

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The gentleman from Mississippi is recognized for 20 minutes and the gentleman from South Dakota is recognized for 20 minutes.

Mr. WHITTINGTON. Mr. Speaker, I yield myself 10 minutes. This bill provides that orders placed by one Government department or agency with another shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. It does not involve Army appropriations, but only Navy appropriations, so far as the armed services are concerned. It is a Senate bill. The bill amends section 7 (c) of an act making appropriations for fortifications and other works of defense for the armament thereof, and for the procurement of heavy ordnance for trial and service, for the fiscal year ending June 30, 1921, and for other purposes, approved May 21, 1920 (41 Stat. 613), as amended by section 601 of the act of June 30, 1932 (47 Stat. 417; 31 U. S. C. 686), so that it will read as follows:

"(c) Orders placed as provided in subsection (a) shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. Advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury."

Section 2 of the act of June 22, 1936, is hereby repealed.

This bill was passed upon the request of the Secretary of the Navy, as shown by a letter to the Speaker of the House of Representatives dated April 5, 1942, which letter is incorporated in the hearings of the House Committee on Expenditures, to which this bill was referred. During the afternoon this bill was called on the Consent Calendar and the gentleman from South Dakota [Mr. CASE]

called my attention to the following language in the House committee report:

As it now stands, the War Department, through lapse of time, is debarred from paying the Navy Department on orders necessarily delayed.

That is a typographical error. That language should read:

As it now stands, the Navy Department, through lapse of time, is debarred from paying the War Department on orders necessarily delayed.

The report was gone over carefully and I am unable to say whether the typographical error was my own, or whether it was an error in the printing, but the report followed similar language in the said letter of the Secretary. It had not been called to my attention previously. It is an error, and I am correcting it now. The bill itself shows, and the report of the committee as well as the hearings in the Senate and the hearings in the House, that the purpose of this bill is to enable the Navy Department, without competing with the War Department, to procure from and give orders to the War Department for small arms, small arms ammunition, and a large part of field artillery used by the Marine Corps.

Due to the inability of the War Department to obligate Navy funds allocated to it for the purchase of small arms in the same manner that the Navy obligates funds to a private concern, the War Department is unable to handle Navy contracts efficiently in all cases.

The purpose of this bill is to place the Army on the same status that a private contractor is placed. Under existing law, if the Navy Department gives orders for arms and for guns to a private contractor, the question would not arise and those funds would be available not only for the fiscal year but for a period of 2 years. My understanding is that in general, under existing law, money that is appropriated by Congress must be obligated before the end of the fiscal year and payments must be completed within 2 years thereafter. Unless the funds are obligated before the end of the fiscal year, the authority to obligate those funds will lapse, and unless payments are made within 2 years, the moneys appropriated will revert to the surplus fund of the Treasury.

Unfortunately that has not been true with respect to contracts placed by the Navy Department with the Army Department. The purpose of the bill is to provide that orders placed by one Government agency or department with another shall be considered as obligations, as set forth in the report of the committee, and to place those contracts made by the Navy Department with the Army Department upon the same basis as if the Navy Department had made a contract with a private contractor.

As stated in the report, the Comptroller General has advised that the bill would give to the War Department and to other governmental agencies the same latitude as to availability of moneys set up in working funds as is now enjoyed by the Navy Department. The bill was introduced at the request of the Navy Department, with the approval of the

Budget, and it has the approval of the Comptroller General.

I read in this connection from the letter of the Secretary of the Navy transmitting his request to the House. This letter is embraced in the report of the committee in both the House and the Senate, for the passage of this legislation:

While, as noted above, the Navy Department has authority under the act of June 2, 1937, to obligate its appropriations by such intergovernmental orders, the Navy Department is impeded in carrying out its program by the fact that the War Department does not have corresponding authority, so that the latter Department, through lapse of time, is debarred from paying the Navy Department on the orders necessarily delayed.

As I have stated, the report of the committee follows this language, but as I have also stated, the language is not correct and I might add is confusing. It is correct to say the Navy Department cannot pay the Army Department. The Army Department is debarred from making the contracts if they cannot be executed within a year.

I am advised by the Secretary of the Navy that this legislation is important because we are approaching the end of the fiscal year. It is important that the bill be passed as promptly as possible in order to utilize the remaining days of this fiscal year to clear those transactions that still remain to be completed between the Army and the Navy. The situation is more critical at this time than it would normally be, since it was as recent as March 31 that the Bureau received an additional \$1,000,000,000 in supplemental appropriations. The War Department, under existing circumstances, needs fully 30 days to process Navy orders, and this would concentrate the whole supplemental program into a space of less than 2 months. I am advised that the specific instances requiring passage of this legislation in order to prevent delay, to prevent duplication, to prevent competition between the Army and the Navy, involve Navy requisitions of June 22, 1942, \$2,047,000, and Navy requisitions of June 25, July 10, and July 30, all in 1942, involving large amounts of money.

Unless there be some questions by some Members of the House, I should like to say in conclusion that this bill was considered by the Senate Committee on Naval Affairs. It was referred properly to the Committee on Expenditures in the House. It is recommended, as stated by the Secretary of the Navy, and is necessary to enable the Secretary of the Navy to procure small arms, including cannon, used by the Marine Corps, from the War Department.

Unless there are some questions I reserve the balance of my time, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from South Dakota [Mr. CASE] is recognized for 20 minutes.

Mr. CASE. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, I appreciate the statements which have been made by the gentleman from Mississippi [Mr. WHITTINGTON] calling attention to the fact that the confusion in this bill arose over a

misstatement in the report. I think the language which is in the report follows the language which is in the letter of the Secretary of the Navy, so that I think possibly the occasion for the confusion goes back further than the gentleman from Mississippi or the committee.

Mr. WHITTINGTON. I am advised that is an error.

Mr. CASE. However, on the face of it, as the report came to us and as the bill came to us on the Consent Calendar, it would appear that we had legislation requested by the Navy Department, dealing with funds of the War Department. As a matter of fact, upon analysis, it appears that the truth is that these are funds of the Navy Department which it turns to the War Department to be deposited in a special fund to complete the procurement of certain ordnance items which the War Department buys for the Navy Department.

As has been stated, the Navy Department can get rid of its funds before the end of the fiscal year by placing a contract with private contractors. When those contracts are placed with the War Department, however, inhibitions of existing law would make the money lapse if not actually expended or obligated by the War Department before the end of the fiscal year.

I am going to go along with this legislation because of the war situation, but I do think attention should be called to the fact that section 2 of the bill before us repeals section 8 of the act approved June 22, 1936, for which there was a sound reason at the time it was passed. That section which is repealed reads as follows:

After June 30, 1936, advance payments under the provisions of title VI, part 2, of the Legislative Appropriation Act for the fiscal year 1933 shall have no longer period of availability for obligation than the appropriation from which said advance payments are made.

Certainly it is sound legislation that the Congress should provide that money should not be made available for expenditure indefinitely. On the face of it, the repeal of this section would indicate a tendency to repeal the prohibition against indefinite availability of funds.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. CASE. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. I am advised that the insertion of that section is necessary, and I am sympathetic with the gentleman's statement that funds ought to be returned promptly, any part that remains unexpended; but the Navy has that power now with respect to private contractors, and inasmuch as we are approaching the end of the fiscal year, while I am in agreement with the gentleman's statement personally, I think he is justified in going along with this bill, because it will take a great deal of time to get another bill started through the other body and back to this body. So I think we can now take care of the subject matter by an amendment to the bill.

Mr. CASE. I appreciate the statement the gentleman has made. I am calling attention to the repeal of this provision because I think, when Congress comes to

revise some of the wartime legislation, this is one section to which attention should be given. I am not suggesting that under present conditions anyone would try to exploit it, but what this bill does is to create the possibility for the Navy Department, or any other branch of the Government to which it applies, when it comes to the end of the fiscal year, with a considerable balance of funds on its hands and not wanting to have that money revert and go back to the Treasury, to say, "Here, we have this money; is there any reason why we should not use it?" And then to place some new contracts, in order to obligate the money before the end of the year in order to capture any money that had not been actually expended.

I merely call attention to the fact that there might come a time under which such use of this legislation could be made.

Because of the present situation and our common understanding that demands for production are so heavy, and that it may be impossible to complete certain contracts in the few days before the end of the fiscal year, I am not opposing the bill. It would be unfortunate, with the war in progress, if the contracts could not be completed. But, Mr. Speaker, when we review wartime legislation, here is one piece of legislation that should be reviewed, and Congress, at that time, should reassert existing law, which provides that appropriations shall not be available for expenditure indefinitely.

Mr. WHITTINGTON. May I say that, of course, they do not have an indefinite period; the appropriations are carried over for an additional 2 years. Under the terms of this bill may I call the attention of the gentleman to the fact that it is provided that funds shall be governed and obligations paid as now provided by law?

Mr. CASE. Yes, the appropriation can lapse in time if other law so provides, but it does remove the control of Congress over certain funds by extending their availability when otherwise they could not be used. Also, by repealing section 8 of the act of June 22, 1936, apparently it destroys limitations on the availability of other funds that might be in the hands of some agencies or departments.

Mr. WHITTINGTON. Yes; but the funds would not be available under the section here, following the year in which they were appropriated. I was advised to that effect.

Mr. CASE. I hope the gentleman is correctly advised, but certainly the question having come up, that statement ought to be made a part of the legislative record on this bill.

Mr. WHITTINGTON. I agree with the gentleman thoroughly. And if the gentleman finds that there is any other matter which is not taken care of that should be corrected, I will join him in making the correction.

Mr. CASE. I am sure the gentleman feels that way. Since in the War Department appropriation bill we carry a definite period of availability for funds, as a member of the subcommittee con-

cerned with that bill I did not want this legislation to pass without calling attention to the fact that it should be reconsidered when we come to reviewing and revising or repealing wartime legislation.

The SPEAKER pro tempore. The time of the gentleman from South Dakota has expired.

Mr. WHITTINGTON. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is, Will the House suspend the rules and pass the bill?

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

A motion to reconsider was laid on the table.

DEFENSE HOUSING

Mr. LANHAM. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 2936) to authorize the appropriation of an additional \$200,000,000 to carry out the provisions of title II of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 204 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, is amended by striking out "\$300,000,000" and inserting in lieu thereof "\$500,000,000."

The SPEAKER pro tempore. Is a second demanded?

Mr. HOLMES of Massachusetts. Mr. Speaker, I demand a second.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Texas is recognized for 20 minutes and the gentleman from Massachusetts is recognized for 20 minutes.

Mr. LANHAM. Mr. Speaker, I yield myself such time as I may consume.

The SPEAKER pro tempore. The gentleman from Texas is recognized for 20 minutes.

Mr. LANHAM. Mr. Speaker this bill relates to title II of the so-called War Defense Housing Act and authorizes an additional appropriation under that title.

Title II of this act does not have to do with housing as such but with public works and so-called community facilities within these areas where defense housing has been constructed under the act to the extent that housing is not otherwise available and cannot be supplied by private capital. Under title II funds are used for such things as extensions of water systems sewerage systems, access roads, and additional school facilities as the need for such facilities may be augmented by the in-migrant workers and their families, such additional hospitalization as may be approved arising from the same cause, and so forth.

In the authorizations which have heretofore emanated from the Committee

on Public Buildings and Grounds with reference to this act, the funds authorized under title II have equaled one-half of the funds authorized for the actual construction of the housing. The appropriations which have followed these authorizations have been in exactly the same ratio.

In the last Congress we appropriated \$600,000,000 for additional war housing of this character. No further authorization or appropriation has been made with reference to title II or the servicing of these war-housing projects in the respects which I have indicated, and this bill provides for an authorization of \$200,000,000, which is only one-third of the authorization and appropriation heretofore made for housing since there has been any authorization or appropriation for these public works or so-called community facilities.

Under title II at present there are \$175,000,000 worth of approved applications pending for which no funds are available, and there are many other applications not yet approved by reason of the fact that no money is available to meet the requested aid. These various facilities are scattered all over the United States in these various housing project areas, which are areas of congested defense industry where great numbers of in-migrant workers have been brought into the communities.

The committee was unanimous in its report on this bill. It realized the urgent necessity for this work to be done.

I should like now to afford an opportunity to anyone who wishes to make any inquiry with reference to it.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. LANHAM. Certainly.

Mr. DONDERO. May I ask the distinguished gentleman from Texas how much is included in this \$200,000,000 for public schools? And what part of the \$175,000,000 in applications on hand represents requests for public-school facilities?

Mr. LANHAM. I cannot give the gentleman those figures accurately from memory, but I should like to tell him the nature of the funds that are distributed and allotted for educational purposes.

Mr. DONDERO. May I ask the gentleman in doing that if he will also explain to the House what the procedure is on the part of the Federal agency in granting funds for public school facilities?

Mr. LANHAM. I will. There is no purpose under this act to interfere in any way with the operation of any school where funds are made available by loan or grant in these various congested areas. The law specifically provides:

No department or agency of the United States shall exercise any supervision or control over any school with respect to which any funds have been or may be extended pursuant to this title, nor shall any term or condition of any agreement under this title relating to or any lease, grant, loan, or contribution made under this title to or on behalf of any such school prescribe or affect its administration, personnel, curriculum, instruction, methods of instruction, or materials for instruction.

When these in-migrant workers are brought to one of these congested defense areas and it is necessary for this public housing to be constructed in order to provide them suitable living quarters which cannot be otherwise provided, there is by reason of the fact that many of them have taken their families with them quite an addition in many instances to the school population. There is no desire or purpose to have those children of in-migrant workers made a burden upon the communities into which they are taken. When a school is built within a war housing project itself for the accommodation of these children it is a temporary structure that is built by the Federal Government for that purpose. When an addition is necessary to an existing school within one of these areas then the addition is made to that school. There has been no controversy whatever with reference to the construction. The survey is made to determine what is necessary.

Then frequently, by reason of the number of children of these in-migrant workers being considerable, an additional teaching force is necessary. Those teachers are selected by the local authorities. Whenever an application is made for an addition to a school or for additional teachers under the provisions of this act a survey is made, consultation is had with the people of the local district or area, and they get together and determine what should be done to meet that local need.

Then the construction that is necessary is made in practically every instance by competitive bids through a contractor. There has been no controversy with reference to that feature of it. The money is paid to the local district authorities of the schools to pay for the additional teachers necessary. In other words, the Federal Works Agency does not in any way interfere with the operation or the curriculum or any of the other features of their normal school development.

Mr. HINSHAW. Will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from California.

Mr. HINSHAW. Does the gentleman state that the funds which are herein authorized are to apply only in cases where the housing is built as temporary housing and may be removed?

Mr. LANHAM. No; because in some instances, and especially with reference to plants that will be continued perhaps in reduced operation after the war from the standpoint of our national defense, it is wiser policy to place an addition on an existing school which would not necessarily be temporary because there would be a permanent need for it.

Mr. HINSHAW. I mean, must the housing be of a temporary nature in order that the additional authorization for improvements contained in this bill shall apply to that particular area. Is that the case?

Mr. LANHAM. No; not necessarily. If these immigrant workers are brought in, they are the basis of the consideration. For instance, if the school population has been materially increased by the

[PUBLIC LAW 94—78TH CONGRESS]

[CHAPTER 150—1ST SESSION]

[S. 972]

AN ACT

To amend section 7 (c) of the Act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417).

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 (c) of the Act entitled "An Act making appropriations for fortifications and other works of defense, for the armament thereof, and for the procurement of heavy ordnance for trial and service, for the fiscal year ending June 30, 1921, and for other purposes", approved May 21, 1920 (41 Stat. 613), as amended by section 601 of the Act of June 30, 1932 (47 Stat. 417; 31 U. S. C. 686), is hereby amended to read as follows:

"(c) Orders placed as provided in subsection (a) shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. Advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury."

SEC. 2. Section 8 of the Act approved June 22, 1936 (49 Stat. 1648), is hereby repealed.

Approved June 26, 1943.

